

# GENERAL ASSEMBLY

## TWELFTH SESSION

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**Chairman:** Mr. Jiří NOSEK (Czechoslovakia).

### AGENDA ITEM 12

**Report of the Economic and Social Council (chapters II, III, IV and V) (A/3613, A/3661, A/C.2/L.330, A/C.2/L.332, A/C.2/L.333/Rev.1, A/C.2/L.335/Rev.1, A/C.2/L.337) (continued)**

**DRAFT RESOLUTION ON METHODS OF IMPLEMENTING ECONOMIC AND SOCIAL COUNCIL RESOLUTION 654 A (XXIV) (A/C.2/L.332), AND DRAFT RESOLUTION ON THE EXPANSION OF INTERNATIONAL TRADE (A/C.2/L.335/REV.1) (continued)**

1. Mr. HAGIWARA (Japan) announced that the sponsors of the seven-Power draft resolution in document A/C.2/L.335/Rev.1 accepted the amendment proposed by Greece (A/C.2/L.340). The sponsors had never had any intention of denying the importance of Economic and Social Council resolution 654 A (XXIV); they had in fact referred to it in the preamble to their draft resolution. They had every hope that in accordance with the resolution the Secretary-General would submit a fuller report, although his provisional report had already supplied very useful information. With regard to the proposal (E/3004)<sup>1/</sup> for convening a world conference of experts, the representative of the Secretary-General could perhaps say whether the Secretary-General thought it necessary to have recourse to such a conference, or whether he thought he could accomplish his task with the services available to him. In the latter case, it would obviously be sufficient to recall and to reaffirm the Council resolution without proposing assistance that had not been asked for.

2. Mr. KAMENOV (Bulgaria), replying to the Ceylonese representative, said that in speaking of restoring "international trade and economic relations to normal", the Bulgarian delegation had had in mind certain anomalies in international trade. For example, there were prohibitive lists which, while allegedly relating to strategic goods only, prohibited trade between several countries in hundreds of the most important commodities of modern international trade; also, merchant ships were stopped on the high seas because of the

destination of their cargo. Some representatives had stated that there was no criterion for determining the normal volume of trade or for fixing normal prices. It could scarcely be considered normal, however, that the value of United States exports to the USSR had been only \$300,000 in 1955, or a thousand times less than that of United States exports to Belgium during the same year. Nevertheless, to meet the objections that had been raised to the use of the phrase "restore to normal", his delegation was prepared to replace it by the expression "further expand".

3. The Ceylonese representative had asked whether it would not be possible to solve the present problems by making use of an existing organization, such as the Organization for Trade Co-operation, subject to certain adjustments. The Bulgarian delegation was of the opinion that a new organization was needed, since those already in existence did not fulfil the necessary conditions. It would not, of course, object to one of the existing agencies being reorganized, provided it was given a truly universal character, respecting the principle of equal participation of all Members of the United Nations, and that no discrimination was made and no conditions were imposed for admission.

4. It had been suggested that the question could be settled by the method outlined in Economic and Social Council resolution 654 E (XXIV) rather than by the convening of a conference of experts. Such a conference, however, would enable all the countries concerned to express their views and submit their proposals which would be examined by competent representatives of all the other countries. Moreover, the conference would inevitably give a great deal of attention to problems which were rightly a matter of concern to the under-developed countries. That would be a great advantage, for in the view of his delegation it was essential not only to devise methods for expanding the volume of international trade in general, but also to seek a just solution for the problem of the price of raw materials, to supply countries in the process of industrialization with the equipment they needed and, in general, to ensure the economic advancement of the under-developed countries by developing international trade.

5. In submitting its draft resolution, his delegation was merely trying to provide an opportunity for a thorough study of the most promising methods of developing international trade and promoting world economic co-operation.

6. Mr. QUEUILLE (France) said that he would like to reply to some of the observations made by other representatives, particularly the Hungarian representative, who had suggested that France was opposed to universalist trends. He would point out that the two preceding statements by the French delegation had tended to interpret the text in the sense of a certain univer-

<sup>1/</sup> Official Records of the Economic and Social Council, Twenty-Fourth Session, Annexes, agenda item (a).

salism and as favouring the creation of a specialized organization.

7. Principles such as that of universality were not the prerogative of any one group; they were common ground. Two attitudes to those principles were conceivable: one favouring sweeping measures, the other anxious to promote slow but sure progress. The latter might certainly provoke ironic comment but it was inherent in the existing agencies. The admission of Japan to the General Agreement on Tariffs and Trade (GATT) had admittedly been delayed but there had been even longer delays in the admission of new Members to the United Nations. Moreover, compared with the conditions for admission to the international agencies the statute of the future Organization for Trade Co-operation appeared to be liberal, since article XXXIII of the General Agreement<sup>2/</sup> permitted the accession of any Government without imposing some of the restrictions which in many instances were applied by the United Nations itself.

8. In reply to the Ceylonese representative's statement, he would emphasize that, if it was a question of promoting an evolution towards universality, the new Agreement represented a fair starting-point. In that connexion, he cited article XVII of the General Agreement, concerning State enterprises, which referred, on the one hand, to the obligation of States to respect the customary forms of competition and, on the other, to the obligations and prohibitions the Agreement imposed on liberal economies.

9. He congratulated the Ceylonese delegation on having raised the fundamental question of the accession of the great trading Powers to the new Agreement (473rd meeting). That was indeed the condition for the accession of small countries to the proposed organization. In his view, there was a reasonable chance of progress towards that goal during the current year. The position his delegation was adopting was therefore strictly practical.

10. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs), replying to a question by the Japanese representative, who had asked whether the Secretariat had been proposing to draw up the report provided for in Economic and Social Council resolution 654 A (XXIV) without the assistance of a conference of experts, stated that the Secretariat had never intended to call upon the services of such a conference, which it was not its function to convene without a precise mandate from the Council or the Assembly. The procedure adopted and at present in effect, which consisted of consulting the Governments in writing, should enable the drafting of a satisfactory report.

11. Moreover, the Egyptian representative had asked if there were any precedents to justify the appeal which, under paragraph 2 of the seven-Power draft resolution, the General Assembly would make to the Member States to join an organization whose statute included clauses that differentiated between members with regard to admission. It was very difficult to say whether the rules governing the admission of members to an organization did or did not include differentiating clauses; in his opinion, that was a question of personal judgement. It was obvious that in any organization the

first members to join always had a privileged position, since it was they who had the right to admit new members, whether their decision on the matter was by a simple majority or a qualified majority. In any case, it was certain that on various occasions the General Assembly had recommended Member States to join other organizations such as the World Health Organization (resolution 61 (I) and 131 (II)), the International Refugee Organization (resolution 62 (I)), and the Inter-Governmental Maritime Consultative Organization.

12. Mr. KRIVEN (Ukrainian Soviet Socialist Republic) said that the debate showed clearly that all the representatives recognized the need to expand international exchanges and to eliminate the obstacles that were paralysing world trade, as recommended in the resolutions adopted by the Economic and Social Council (654 A (XXIV) and 654 E (XXIV)) and by the General Assembly (1027 (XI)).

13. The object of the Bulgarian draft resolution was to expedite the implementation of Council resolution 654 (XXIV); it advocated very realistic measures which should make it possible to achieve practical results in the development of trade relations between all countries. The proposal that a conference of experts should be convened to look into the practical possibilities for expanding international trade on the basis of equality and without discrimination was particularly interesting because such a conference would make it easier to find out what the various countries thought of the system of trade co-operation and of the possibility of establishing a truly universal trade organization. Far from hindering the Secretary-General, as some delegations claimed, such a conference would facilitate his task. Moreover, it was incorrect to say, as several delegations had, that the restoration of normal trade on the basis of equality would lead to a contraction of trade, for experience had shown that all the countries that had adopted that policy since the end of the Second World War had seen their trade develop.

14. Only the countries that practised the policy of diktat in the economic field could object to the adoption of measures for expanding trade and trade co-operation. Those countries claimed that it was not necessary to establish a new trade organization, since GATT already existed and all States could become parties to that Agreement and members of the Organization for Trade Co-operation. The very wording of the Agreement clearly indicated that States that wanted to accede to it could only do so on the invitation of two-thirds of the countries that were at present Contracting Parties and, if they did become parties to the Agreement, could not enjoy voting rights. That showed that GATT could not contribute to the expansion of trade on the basis of equality. In addition, in the ten years that the Agreement had existed the discriminatory measures applied in trade had not disappeared. To propose, as did in fact the seven-Power draft resolution, that the General Assembly should recognize the Organization for Trade Co-operation as an international organization and a specialized agency of the United Nations would be a serious mistake. It would establish a dangerous precedent and would be tantamount to admitting that the 35 Member States that were parties to GATT would have the right to impose their will on the other Member States.

15. The Ukrainian delegation would therefore vote

<sup>2/</sup> Contracting Parties to the General Agreement on Tariffs and Trade, Basic Instruments and Selected Documents, Volume I (revised), Geneva, April 1955.

against the seven-Power draft resolution and in favour of the Bulgarian draft resolution.

16. Sir Alec RANDALL (United Kingdom) said that he felt obliged to intervene once again in the debate in order to reply to some remarks made by the representatives of Ceylon, the Soviet Union and the Ukrainian Soviet Socialist Republic.

17. The representative of Ceylon had rightly called attention to the ambiguity of the expression "to restore trade relations to normal" in the second paragraph of the preamble to the Bulgarian draft resolution, and the Bulgarian representative had proposed a new wording for that paragraph, which was no more satisfactory to the United Kingdom delegation. Moreover, the adoption of that draft resolution would be tantamount to obliging the Secretary-General to engage a large number of experts and hence dictating to him about the way he should do his work. Finally, the Bulgarian text was nothing more than a device for bringing about a world economic conference, an idea which was completely unreal in the present state of the world and could only cause a setback in international economic relations. He therefore hoped that the proposal would have no more success in the Second Committee that year than it has had in previous years. His delegation would vote against the Bulgarian draft resolution.

18. On the other hand, the United Kingdom delegation strongly approved of the aims of the seven-Power draft resolution. The USSR representative had tried to discredit it by expressing indignation at the fact that the admission of new members to the Organization for Trade Co-operation would require a two-thirds majority. It was, to say the least, surprising to hear the USSR representative reacting in that way, when for years the Soviet Union had used its veto to prevent the admission to the United Nations of States that the other countries had been prepared to welcome.

19. The Soviet representative had referred to the principles which in his opinion should govern an international trade organization; what was significant was that he had not said a word about the obligations its members should assume. The USSR had not always been conspicuous for its respect for international economic obligations.

20. The USSR representative had tried to belittle GATT by referring to it as an exclusive club, but he had not explained away the fact that Czechoslovakia was a Contracting Party or that Ghana, Tunisia and the Federation of Malaya had all signified their intention of adhering nor had he mentioned, as stated by the Japanese representative, that Poland and Romania had recently shown great interest in GATT. It was well to remember that GATT was not so much an organization as a multilateral treaty and that those who wished to adhere to it might reasonably be asked to adhere to its basic conditions in order to maintain good commercial relations. Among its principal features were the maintenance of the stability of the tariff reductions and the prohibition of the use of quantitative import restrictions except in certain special and narrowly defined circumstances. The rules in GATT related to subsidization of exports and dumping and the removal of barriers to trade; they also embodied special provisions for assisting the under-developed countries. All those rules, which were designed to eliminate the main obstacles in the way of the development of international

trade on a multilateral basis had been accepted by all the Contracting Parties, whose trade represented 80 per cent of the world commerce. It was right that the countries that wanted to adhere to the Agreement should be asked to respect the obligations which it imposed and it was not unusual for an organization as specialized as the Organization for Trade Co-operation to lay down precise rules for membership as was done, incidentally by the Food and Agriculture Organization (FAO) and the Universal Postal Union (UPU), for example, whose new members were elected by a two-thirds majority.

21. Finally it should be stressed that in their draft resolution the seven Powers were not asking the Committee to approve the statute of the Organization for Trade Co-operation; they were simply asking the General Assembly to do what it had done before, namely, to encourage Member States to ratify the Agreement on the Organization, which would be a valuable step towards the increase of multilateral trade. The representative of Ceylon was displaying a rather unreasonable but very understandable impatience in implying that it would be better to establish a new trade organization. The United Kingdom delegation was convinced that it would be best to progress from the point already reached in GATT and to develop the Organization for Trade Co-operation. It welcomed, as did the USSR representative, the fact that the volume of trade between their two countries had increased, but it did not think that in order to further that development it was necessary to undermine or prejudice the complex organization already existing, which had proved its value not only to all the main trading Powers of the world but also to those who stood outside it.

22. Mr. DENICHENKO (Byelorussian Soviet Socialist Republic) said that it was imperative for the United Nations to take urgent steps to restore normal trade relations and to increase international trade on the basis of equality and mutual advantage. It was especially necessary to remove all discriminatory measures and price inequalities which prevented the under-developed countries from profiting by their exports and consequently hampered their economic development.

23. The method of consulting Governments in writing was particularly slow in that after having communicated their observations to the United Nations the States had to meet to take specific decisions. The Bulgarian draft resolution, which called for a conference of experts in 1958, thus offered an excellent means of simplifying the procedure and assisting the Secretary-General to perform the task entrusted to him under Economic and Social Council resolution 654 A (XXIV).

24. It might be said that the draft resolution of the seven Powers contradicted that resolution, in which the Council expressed the hope that Governments would co-operate fully in making the international machinery for trade co-operation as effective as possible. The draft resolution did not propose the establishment of a universal and effective organization but assumed that trade co-operation would continue to be entrusted to an organization of thirty-five members, membership in which was in reality barred to the other States. The Byelorussian delegation considered that to adopt the draft resolution would be tantamount to establishing a differentiation among Member States; it would not, therefore, be able to vote in its favour.

25. Mr. KACEM (Afghanistan) said that the Afghan delegation was convinced that a new expansion of international trade would help to ensure full employment, to raise the level of living of all peoples and to promote the development of the under-developed countries; he congratulated the sponsors of the joint draft resolution on the spirit of co-operation they had shown. It hoped that they would accept an amendment which it considered essential in order to make the scope of their text perfectly clear: the words "including the transit difficulties of land-locked countries" should be added to the third paragraph of the preamble, after the words "unjustifiable barriers". That amendment<sup>3/</sup> was based on a resolution of the Economic Commission for Asia and the Far East which the General Assembly had recently approved.

26. Mr. ROGERS (Canada) replying to the numerous criticisms that had been directed against GATT, declared that his Government considered GATT a useful instrument of international co-operation. He subscribed to the remarks which the delegate of the United Kingdom had just made on that subject and stressed the fact that the measures taken by the Contracting Parties often served the interests of other countries thanks to the most-favoured-nation clause. It was true that the system erected by GATT was far from perfect but it was the best available and as such deserved support.

27. Several speakers had stressed the need to set up a world organization for the promotion of trade co-operation. Universality was certainly desirable but it should not be considered an end in itself. It was quite conceivable that a quasi-universal organization, whose activities would be based upon principles other than those of GATT and the Organization for Trade Co-operation, might achieve less satisfactory results or exert less influence on international trade.

28. The declared objective of the Bulgarian proposal was to help the Secretary-General to accomplish the task which the Economic and Social Council had entrusted to him under the terms of resolutions 654 A (XXIV) and E (XXIV). The USSR representative had, however, indicated that the proposal had more far-reaching aims when he had said that the proposed conference of experts would enable the Secretary-General to ascertain the views of Governments concerning the possibility of reforming GATT and the Organization; or, if necessary, of replacing them. Governments which had ideas on the matter could communicate them in writing to the Secretary-General, as he had already invited them to do. If they had any constructive proposals to make, the Secretary-General would be able to draw up a report which might serve as a basis for a possible expansion of GATT and the Organization. So far, however, very few countries had responded to the Secretary-General's invitation: up to 30 July 1957, only twenty-one replies had been received, as the Council had noted in resolution 654 A (XXIV). The Canadian delegation feared that a conference of experts such as that proposed in the Bulgarian draft resolution would merely be an ill-prepared United Nations economic conference.

29. For those reasons and for reasons that had been expressed by other delegations, the Canadian delegation would vote against the Bulgarian delegation's

proposal and in favour of the seven-Power draft resolution.

30. Mr. JUDD (United States of America) expressed surprise that the representatives of the Socialist countries complained that every proposal submitted by their delegations was subjected to particularly close study. The fact was that such careful scrutiny was the result of bitter experience and repeated disillusionment. The United States delegation was of the opinion that the Bulgarian proposal was unnecessary, to say the least, if its only objective was to ensure the application of Council resolution 654 A (XXIV). Certain statements made since its submission had given the impression that the real purpose of the proposal had been to reintroduce, in a different form, the proposal for the convening of a world economic conference—a proposal which the Council and the General Assembly had rejected by a large majority because they had considered that the time was not ripe for any such action. Whatever the intentions of the Bulgarian delegation were, the United States representative would vote against its draft resolution.

31. Mr. ARKADEV (Union of Soviet Socialist Republics) observed that the arguments advanced in favour of the seven-Power draft resolution were not based on strict logic. For example, in an endeavour to justify the requirements for admission to GATT, the United Kingdom representative had invoked the right of veto in the Security Council, which had nothing to do with the matter. It was proposed that the Committee should approve an agreement relating to an organization with which it had never had, and had not now, the least connexion. The General Assembly had not approved GATT, the text of which had never been submitted to it, nor had it taken part in the establishment of the Organization for Trade Co-operation. There was therefore no reason for it to treat GATT and the Organization differently from the numerous other organizations which dealt with economic or other questions. In reality, in view of the requirements for admission to the Organization, countries which had not yet become parties to GATT would find themselves in a position of inferiority in relation to the Contracting Parties—the example of Japan was enough to prove that. Such a situation was inadmissible in a truly international organization.

32. The USSR delegation was therefore opposed to the joint draft resolution, which was not in the interests of the United Nations. The majority of Member States wished to establish a trade organization which would be of a truly universal nature and they did not think that the seven-Power proposal was calculated to further their interests: that point of view could not be ignored.

33. The representative of the United States saw in the proposal for the convening of a conference of experts an attempt to reintroduce, indirectly, the idea of a world economic conference. There was no justification for that allegation. The Union of Soviet Socialist Republics had not given up the idea of a world economic conference and it reserved the right to return to that subject in due course. At present, however, it was an entirely different question: that of convening a group of experts, of establishing an international trade organization, and studying other problems. On that occasion the experts might perhaps be led to study a series of questions that were of common interest. Such a con-

<sup>3/</sup> The amendment was later distributed as document A/C.2/L.343.

ference would be of an essentially practical nature: it would endeavour not only to find improved ways of utilizing the existing machinery but also to seek new forms of international co-operation, especially in the commercial field. Such an undertaking was in keeping with the objectives of the United Nations and would broaden its field of action by making it more universal.

34. Mr. RAJAPATIRANA (Ceylon) wished to remove certain misunderstandings which appeared to have arisen out of the statement he had made at the 475th meeting. He did not by any means consider GATT to be a club to which other States would be denied admission: it must be admitted, however, that the requirements for adherence were open to such an interpretation and that certain examples, such as that of Japan, appeared to confirm the fears which had been expressed in that connexion. The only solution was for the large commercial Powers to adhere to GATT and to make provision to ensure the admission of all interested countries.

35. Nor had he the slightest desire that GATT should be abolished: on the contrary, he hoped that it would come to include all nations. It was, therefore, encouraging to hear the French representative recognize the dynamic nature of GATT and its need for improvement. The initiative for providing that improvement must, however, come from the great Powers by their acceptance of GATT as the framework of a truly international organization.

36. All the members of the Committee were in agreement regarding the need for a trade organization that would include as many nations as possible. The uni-

versality of an organization of that nature did not depend upon the proportion of world commerce which the trading activities of its members represented, no matter how large that proportion was: such an argument was indefensible from either the economic or the moral point of view; its universality depended upon how liberal its admission requirements were, the number of its members and the spirit of co-operation by which they were animated.

37. He thanked the Bulgarian representative for taking his observations into account and amending the second paragraph of the preamble of his draft resolution: the new wording which had been proposed seemed to him perfectly satisfactory. He pointed out that he had also expressed certain doubts regarding the third paragraph of the preamble, which did take into account the existence of the Organization: he felt that efforts should be made to expand and improve that organization and that no decision to establish a new organization should be taken unless that task proved to be impossible.

38. The delegation of Ceylon had some doubts, too, about the exact scope of the operative part of the Bulgarian proposal. If it was intended only to ensure the application of Council resolution 654 E (XXIV), the delegation of Ceylon would be able to support it. In any case, it would like to know the opinion of the Secretary-General regarding the possibility of keeping within the time-limits specified for the presentation of his report to the Economic and Social Council and the examination of the question by the General Assembly.

The meeting rose at 1.15 p.m.