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THIRD COMMITTEE: COMMERCIAL POLICY

SUMMARY RECORD OF THE FORTY-FOURTH MEETING

Held at the Capitol, Havana, Cuba,
Thursday, 11 March 1948, at 3.30 p.m.

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

1. ARTICLE 16 - GENERAL MOST-FAVoured-NATION TREATMENT

(a) REPORT OF THE JOINT SUB-COMMITTEE OF COMMITTEES II AND III
(E/CONF.2/C.3/78 and Corr.1)

Paragraph 2

The preamble and sub-paragraphs (a), (b) and (c) were approved, subject to the reservation of the Dominican Republic on paragraph 2 and to the reservation of Haiti on Article 16 as a whole.

Sub-paragraph (d) had already been adopted by Committee III.

Sub-paragraph (c) was approved.

(b) AMENDMENT PROPOSED BY THE DELEGATION OF TURKEY
(E/CONF.2/C.3/77/Rev.1)

Mr. KUNTER (Turkey) said that in his view the insertion of the alternative proposal in regard to preferences between the countries formerly a part of the Ottoman Empire and detached from it on 24 July 1923 in Article 16 as paragraph 3 was an explicit recognition of a traditional right and considered that his Government would be satisfied if the Committee approved the text as it was then presented. He also added that his country always supported international organizations whose aims were to secure peace, economic prosperity and social security to the whole world and as such was willing to contribute its modest collaboration to this Organization as well.

Mr. POLITIS (Greece) supported the proposal, as did Mr. ROYER (France) who spoke of the co-operative attitude of the delegation of Turkey, particularly in respect of Articles 15 and 16. France recognized the Ottoman Clause in the Treaty of Lausanne and its incorporation in the Charter was recommended.

Mr. EVANS (United States) supported the Turkish amendment and the remarks of the representative of France.

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/The representatives of

The representatives of Lebanon, Afghanistan and Iraq supported the Turkish amendment, the latter stating that its inclusion in Article 16 would facilitate the withdrawal of the Iraq reservation to that Article.

It was agreed to include the Turkish amendment as a new paragraph between paragraphs 2 and 3, and that Annex K should be adopted subject to the list of countries to be submitted by the delegation of Turkey.

Article 16, paragraph 3, was approved.

Paragraph 4 and its Interpretative Note had already been adopted by Committee III.

Annex A had already been adopted by Committee III; the concluding paragraph regarding the provision of India and Pakistan was approved.

Annexes B and C were approved, Annex D had already been adopted, Annex E was approved.

Annex F

Mr. ROYER (France) noted that in the French text of paragraph 7 of the Report (line 3) "Des Membres" should read "Les Membres".

Mr. FERRERO (Peru) asked that the Committee agree with paragraph 7 of the Report of the Joint Sub-Committee, i.e., that Annex F was meant to include preferences granted by Chile to Peru as well as those granted by Peru to Chile.

Mr. PELLIZA (Argentina) said that the Sub-Committee had agreed to the general character of reciprocity of the preferences in other Annexes.

Mr. ROYER (France) replied that reciprocity did not apply in every case.

It was agreed that it be made clear in the records of the meeting that the preferences were reciprocal unless otherwise stated.

Annex F was approved.

Annex G was approved.

Annex H

In reply to a question by the representative of Ecuador asking the reason for omitting Panama in Annex H, Mr. ROYER (France) said the amendment submitted by Colombia had been adopted. He asked whether there were existing preferences.

Mr. CHIRIBOGA (Ecuador) replied that his amendment referred to preferences in force or about to be concluded.

The CHAIRMAN noted that paragraph 2 of Article 16 related to preferences in force on 10 April 1947; new preferential arrangements were covered by Article 15.

Annex H was approved subject to the reservation of Ecuador.

Annexes I and J were approved.

Mr. GARRIDO-TORRES (Brazil) withdrew his reservation to Article 16, and stated that the Brazilian reservation to Article 17 was also being withdrawn.

(c) REPORT OF STUDY GROUP ON ARTICLE 16 (E/CONF.2/C.3/79)

Mr. D'ASCOLI (Venezuela) said that the Note recommended by the Study Group would provide Venezuela with sufficient time to solve its problem of surcharges.

/These surcharges

These surcharges were levied on products imported via certain colonial territories in order to protect the commercial interests of Venezuela and to increase maritime traffic to its ports. His country wanted to solve this problem within the purposes and principles of the Charter and the means to do so was in the proposed Note.

The Report of the Study Group was approved, the Note to be inserted in the Annex H.

Mr. LA ROSA (Italy) requested approval of paragraph 12 of the Report of the Joint Sub-Committee dealing with Italy's trade with San Marino and Vatican City. This was approved.

Mr. NARAGHI (Iran) withdrew his reservation to Annex A of Article 16.

Mr. CHIRIBOGA (Ecuador) maintained his reservation to Article 16 because the second point of his amendment regarding a preferential agreement which might result in a customs union had not been satisfactorily settled.

2. ARTICLE 42 - TERRITORIAL APPLICATION OF CHAPTER IV

Paragraph 1 was approved.

Paragraph 2

The CHAIRMAN asked whether the delegations of the United Kingdom and the United States were satisfied with the alteration of the words "a substantial part of" to "substantially all".

Mr. EVANS (United States) said that if the phrase limited the discrepancy between areas which could be maintained without preferences, the wording was correct. But in connection with paragraph 1 the opposite effect might result. He proposed that a small study group of technical experts be formed to examine this wording.

It was agreed that experts from the delegations of the United States, United Kingdom and France should consider which of the two phrases should be included in paragraph 2.

Mr. D'ASCOLI (Venezuela) felt that the definition of "customs territories" would influence Article 68. He suggested that Chile be added to the study group. This was agreed.

At the suggestion of the representative of Brazil, Venezuela was also added to the Study Group.

The CHAIRMAN asked whether the Committee wished to request Committee VI to consider whether the definition of "customs territories" applied also to other Articles and, if so, whether it should be moved to some other part of the Charter.

Mr. D'ASCOLI (Venezuela) reiterated his statement of the influence of Article 68 of the definition of "customs territories".

Mr. ROYER (France) said that the definition applied only to the technical customs aspects. If there were difficulties in relating it to other parts of
/the Charter,

the Charter, the recommendation of the Joint Sub-Committee should be abandoned.

Mr. EVANS (United States) supported the representative of France.

Mr. D'ASCOLI (Venezuela) thought that if a definition of customs territories was later thought necessary in regard to membership, it would be natural to look to Article 42 even though that definition was limited to the purposes of Chapter IV.

Mr. ROYER (France) said there had to be a definition of "customs territories" for the purposes of Chapter IV, and the phrase "for the purposes of this Chapter" adequately limited this definition.

It was agreed that the Working Party should consider this question also.

Article 42A - Frontier Traffic was approved subject to reconsideration of the title by the Central Drafting Committee and the reservation of Czechoslovakia.

3. ARTICLE 42B - CUSTOMS UNIONS AND FREE TRADE AREAS.

The CHAIRMAN stated that Committee VI had approved, subject to concurrence by Committee III, its Sub-Committee Report (E/CONF.2/C.6/107) to the effect that the purpose of the proposed redraft of paragraph 5 of Article 1 could be met by adding a new paragraph to Article 42: "Members recognize the desirability of increasing freedom of trade by the development, through voluntary agreements, of closer integration between the economies of participants."

Mr. ROYER (France) said that his delegation had proposed that economic integration should be placed in a positive form among the purposes of the Charter. In a spirit of compromise they had agreed to place this concept in paragraph 1 of Article 42B; it should be understood that present European projects were within the spirit of the Charter and would foster its purposes. Article 42B would be a positive element for many years.

Mr. HAKIM (Lebanon) said that Article 42B answered the amendment to Article 42 jointly proposed by Syria and Lebanon in that it permitted the establishment of free-trade areas in addition to customs unions and permitted interim agreements necessary to the establishment of free trade areas.

Mr. STUCKI (Switzerland) said that he did not oppose the French proposal despite the fact that he could not consider that customs unions and preferences were favourable to world trade as a whole.

Mr. SAENZ (Mexico) expressed his gratitude to the delegation of France concerning the action taken on paragraph 5 of Article 1 and supported the new paragraph 1 of Article 42.

Mr. D'ASCOLI (Venezuela) said he could support the proposal if the word "integration" were replaced by the word "co-operation"; the latter word suggested a complementary economy and lacked any of the implications which might be given to "integration".

/Mr. ROYER (France)

Mr. ROYER (France) objected to the substitution and Mr. D'ASCOLI (Venezuela) said if the expression was limited to a continent and did not have the intonation of integration from continent to continent, the word was acceptable.

Following discussion it was agreed by eighteen to twelve that the present paragraph 1 should be retained and it was further agreed that it should be added to the new paragraph thus rendering any renumbering of subsequent paragraphs unnecessary.

In reply to a question by the representative of Turkey, Mr. D'ASCOLI (Venezuela) stated that in giving an interpretation to "integration" it was not his intention to use the word "continental" in the strictest sense but in general terms.

Paragraph 2 (now Paragraph 3)

Preamble

The representatives of Argentina, Chile, Peru and Venezuela maintained their reservations on the words "between the territories of Members".

Mr. HAIDER (Iraq) thought the word "attainment" was preferable to "formation" since it introduced the element of reasonable time.

Mr. EVANS (United States) said that since the Article referred to an interim agreement, a time element was implied and, therefore, there was no difference in substance in the two words.

The preamble was approved subject to reconsideration of the word "formation" by the Central Drafting Committee.

Paragraphs 2, 3 and 4 were approved.

Paragraph 5

Mr. COOMBS (Australia) said that he had been instructed to introduce two suggestions (1) to insert the words "mutually advantageous" before the word "negotiations" in the first and second sentence of paragraph 5, and (2) to substitute for the phrase "required to conform...of paragraph 4", the phrase "on products originating in constituent territories of customs unions or free-trade areas". He would submit the amendments in writing and suggested that a study group should consider them.

Mr. ROYER (France) said that he had thought the discussion in Sub-Committee had settled the Australian problem. In Article 42B there was a privileged situation of countries with a preferential regime vis-a-vis those with the most-favoured-nation clause. The amendments would disrupt the balance of the compromise which had been reached. The special meaning of the phrase "mutually advantageous" given by the Charter would make it difficult to accept the first amendment.

Paragraph 5 contemplated a whole set of negotiations which differed from one another; by insertion of the proposed phrase every country could ask for substantial concessions. The phrase should be construed in many different ways and therefore the present text was preferable.

The representatives of Italy and Brazil supported the representative of France. The representative of New Zealand supported the representative of Australia's suggestion that a study group be established, as did the representative of South Africa who suggested that if the first part of the amendment were agreed to in principle the Central Drafting Committee might find a better phrase.

It was agreed that a study group should consider the Australian proposal and should be composed of the representatives of Australia, Brazil, Denmark, France, New Zealand, United Kingdom, and the United States.

The Interpretative Note to paragraph 5 was approved as amended by the substitution of the word "collect" for the word "imposed".

Paragraph 6 was approved.

The meeting rose at 6.05 p.m.