

# 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 PRINCIPLES FOR INTERNATIONAL ECONOMIC CO-OPERATION (A/C.2/L.330) (concluded)**

1. Mr. SERBAN (Romania) announced that his delegation had decided to withdraw its draft resolution (A/C.2/L.330) and to co-sponsor the Mexican draft resolution (A/C.2/L.337). When the Committee took up the latter draft for discussion, he would give a fuller explanation of his delegation's decision.

**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)**

2. The CHAIRMAN reminded the Committee that the seven-Power draft resolution (A/C.2/L.335/Rev.1) included the French amendment (A/C.2/L.336) and the Brazilian oral amendment at the 472nd meeting, and was also the object of an amendment by Afghanistan (A/C.2/L.343) and Greece (A/C.2/L.340).

3. Mr. ALFONZO RAVARD (Venezuela) said that although his delegation agreed that the intensification of world trade would contribute substantially to economic development and strengthen the foundations of world peace, it did not consider that the approach suggested in the Bulgarian draft resolution (A/C.2/L.332) was an appropriate one. He did not believe that the proposed conference of experts could do much to further the purposes of Economic and Social Council resolution 654 (XXIV). The Council itself had recognized that the problems could be solved only by agreement between the Governments of the countries concerned and it was unrealistic to believe, as the Bulgarian delegation appeared to suggest, that a meeting of experts would be able to tackle successfully such problems as the

establishment of an international trade organization or the trade difficulties of the under-developed countries. Informal consultations between groups of experts on specific technical problems could be most valuable, but a conference of the type proposed on broad issues could not be expected to succeed where Governments themselves had failed. Instead of trying out new procedures of doubtful value, it would be far wiser to strengthen the existing machinery. Although not a contracting party to the General Agreement on Tariffs and Trade (GATT), his country had followed with interest the efforts of the Contracting Parties, in particular their preparation of the Agreement on the Organization for Trade Co-operation, and considered that those efforts merited support.

4. His delegation would therefore vote for the seven-Power draft resolution, on the understanding that its vote would not prejudice its Government's future position in relation to GATT or the proposed Organization. It regretted that it would not be able to support the Bulgarian draft resolution.

5. Mr. THOMSON (Australia), commenting on the questions which had been raised as to the propriety of the second operative paragraph of the seven-Power draft resolution, observed that the Under-Secretary for Economic and Social Affairs had not indicated in his statement at the 474th meeting that the Committee was out of order in again giving consideration to a resolution concerned with the Organization for Trade Co-operation. Reference had also been made to Japan's experience within GATT; he could only say that if Japan had been treated unreasonably it was strange that the Japanese delegation should be prepared to co-sponsor the seven-Power draft resolution.

6. The efforts made by the advocates of the Bulgarian draft resolution to explain its meaning and aims had confirmed his impression that the draft had a very complicated purpose and that the objectives of the proposed conference were many and various. Yet the existing international machinery was already dealing with all those objectives in one way or another. If it was not dealing with them as effectively as might be desired, it would be better to improve the existing machinery than to duplicate it.

7. One purpose of the conference, it had been suggested, would be to establish a new international trade organization. There might perhaps be some merit in contending that the World Health Organization (WHO) principle of a simple majority should be adopted for determining entry into GATT. It was not however possible to accept the view implied by the supporters of the Bulgarian draft resolution that participants in the proposed conference would be able to found a practical organization which would lay no serious obligations on its members. Without such obligation, the organization would be a mere debating club and not a mechanism for co-ordinating international trade. The

Soviet Union representative in particular seemed to think that there would be no need in any new international trade organization for the processes of mutual adjustment which the GATT countries had found necessary. But according to chapter 3 of the report "The Quest for Freer Trade" (E/2737),<sup>1/</sup> countries with comprehensive trade monopolies were prevented by technical difficulties from participating in international concerted or bilateral action for the mitigation of specific obstacles to trade, the Havana Charter for an International Trade Organization being a case in point. Unless there had been some far-reaching changes in the economic structure and practice of the comprehensive State monopolies of Eastern Europe since the preparation of that document the Soviet Union representative should not pretend to the Committee that the GATT machinery could be rapidly replaced by other machinery which would impose no obligations on members and would permit all types of countries to participate easily and automatically. Certainly, the idea of a universal trade organization was an appealing one. The United Nations Conference on Trade and Employment which had met in Havana at a very propitious time, had tried to lay the foundations for just such an organization. Nevertheless, the only outcome had been the General Agreement on Tariffs and Trade which still lacked the backing of a permanent international organization and it was doubtful whether in present circumstances a fresh effort to repeat the experiment of the Havana Conference would produce any better result.

8. His delegation was unable to support the Bulgarian draft resolution.

9. Mr. ABDEL-GHANI (Egypt) thanked the representative of Japan and the Under-Secretary for Economic and Social Affairs for their answers to his questions regarding the seven-Power draft resolution. Both had referred to the specialized agencies and in particular to their initial and subsequent memberships. It was true that the membership of the specialized agencies was not identical with that of the United Nations, and that the statutes of those agencies imposed certain obligations on the States joining them and called for the approval, by a certain majority, of the existing members for the admission of new members. It was true too that the General Assembly had adopted resolutions regarding the specialized agencies and their membership and that no question had been raised as to the legality of those resolutions. The fact remained, however, that the Organization for Trade Co-operation was not a specialized agency. The Agreement on the proposed Organization provided that it might be brought into relationship with the United Nations as a specialized agency when it had been established, but that had not yet happened. In the circumstances therefore it would appear improper for the General Assembly to adopt a resolution regarding the Organization.

10. In his view, the seven-Power draft resolution should be directed towards a different objective. Its present limited objective was of interest only to the 35 GATT countries, which were free, if they so desired, to establish the Organization at once. If the sponsors of the draft believed that the existing machinery for international trade, GATT and the proposed Organization was good and should be

strengthened, he would suggest that they should open the way for the conversion of that limited machinery into a truly international organization by enabling the Assembly, at the present or a future session, to discuss the whole matter, in particular the essential problem, of making it easier for interested States to enter GATT. If, on the other hand, the sponsors were not convinced that the present machinery was adequate, he would urge them to seek ways and means of reviving efforts to establish the International Trade Organization. While that would undoubtedly be a more complicated and ambitious project, the United Nations should not be deterred by past failure, but should use every available means to build up truly international machinery for the expansion and liberalization of world trade.

11. If the seven-Power draft resolution were redirected towards one of those two objectives, his delegation would be able to support it.

12. Mr. DIPP GOMEZ (Dominican Republic) emphasized his country's interest in the elimination of discriminatory trade practices and the expansion of international trade and raw materials markets as a basis for the improvement of living standards and the promotion of economic development. His delegation recognized the need for a permanent body to study the complicated problems of international trade, but was unable to support the Bulgarian proposal. An *ad hoc* conference of experts could contribute little to the solution of the various problems involved, which were already considered by the regular meetings of experts convened by existing organizations within and affiliated to the United Nations.

13. His delegation believed that the establishment of the Organization for Trade Co-operation would be of positive value in the field of international trade and would therefore support the seven-Power draft as amended.

14. Mr. SERBAN (Romania), referring to the Afghanistan amendment (A/C.2/L.343) to the seven-Power resolution, stated that Romania accorded transit rights to many countries without discrimination and stressed his country's interest in developing trade with all States, including Afghanistan. While reserving its position with regard to the seven-Power draft, his delegation would support the amendment.

15. Mr. ARKADEV (Union of Soviet Socialist Republics) asked for an explanation of the expression "free and fair competition" in the third preambulatory paragraph of the joint draft. The sponsor's answer to that question would be an element in determining his delegation's position.

16. Mr. HALIQ (Saudi Arabia), noting that the view had been expressed that there was no legal objection to the Committee's formulating a recommendation to an outside body regarding its membership, asked whether the sponsors of the seven-Power draft would agree to address a similar recommendation to the prospective members of the Organization for Trade Co-operation urging amendment of that organization's regulations to permit a wider membership.

17. Mr. SZITA (Hungary) said that he had noted with interest the French representative's statement at the previous meeting that GATT's rules were not immutable and that, indeed, some change was desirable. His delegation had outlined the criteria which it believed should be applied to any organization aspiring to

<sup>1/</sup> United Nations publication, Sales No.:1955.II.C.5.

become a specialized agency, and considered that, until the regulations governing the Organization were adapted to meet those requirements, it would not be fitting to adopt a resolution urging Governments to approve the Agreement establishing the body. For that reason his delegation found the seven-Power draft, as it stood, unsatisfactory, but continued to hope that it would be possible to reach agreement on that issue.

18. Mr. KAMENOV (Bulgaria) thanked those delegations which had supported the Bulgarian draft resolution and expressed regret that those who had criticized it had not made constructive proposals for its amendment or amplification. In submitting the draft, his delegation had been prompted by a sincere desire to contribute to the practical solution of the important problems of international economic co-operation and had been inspired by the many interesting suggestions put forward by various delegations for the expansion and liberalization of world trade.

19. The proposed conference of experts had been the main target of criticism. Various delegations had said that such a conference would be useless. The Australian representative had argued that a sufficient number of international organizations were already dealing with the questions which would come before the proposed conference and had mentioned, by way of illustration, the European Coal and Steel Community, Benelux, the International Monetary Fund and the International Labour Organisation. But it was absurd to suggest that groupings of a few countries or specialized agencies with limited terms of reference could solve the economic problems of the whole world. The United Nations could not discharge its duty, under Article 55 of the Charter, of promoting genuinely international economic co-operation without universally representative conferences and organizations.

20. A more serious objection had been that the Bulgarian draft showed a lack of confidence in the Secretary-General. That was entirely untrue; his delegation's sole objective had been to help the Secretary-General to carry out the multiplicity of tasks laid upon him. In any case, it was difficult to see how it could be considered an affront to suggest that the Secretary-General should hear the views of Governments by word of mouth rather than by writing as was explicitly recommended in Economic and Social Council resolution 654A (XXIV). Nor was there any question of dictating to the Secretary-General how he should draft the report requested by that resolution, although there could be no doubt that the proposed conference would be of help to him in its preparation. His delegation believed that the Secretary-General himself would share its view on those points.

21. The United Kingdom representative had gone further than other representatives and had suggested that adoption of the draft would be positively harmful, presumably on the grounds that too many cooks would spoil the broth. However, the broth in question was not intended for a select group of diners; the Bulgarian delegation was interested in feeding the whole world. It had also been objected that the problems were so many and complicated that they required the most thorough investigation for their solution, although a conference of the type his delegation proposed would in fact provide an appropriate forum for full and expert discussion of the problems in question so that practical and useful decisions could be taken later on.

22. Objections had also been raised to the wording of the Bulgarian draft. He had already spoken about the expression, "restore to normal". As to the expression, "trade on the basis of equality", he saw nothing strange in that: the existence of unwarranted and illicit privileges resulted in the unequal treatment of countries in international trade and consequently in a violation of the principle of equality. If delegations disliked the wording it was up to them to propose amendments and his delegation would give them due attention.

23. As to the argument that it was unnecessary to present a resolution approving resolutions adopted earlier, his delegation considered that the objection did not take account of the established practice and tradition of the Committee.

24. Despite the various criticisms his delegation was still convinced of the wisdom and usefulness of its draft resolution but, since it was evident that a number of delegations were not ready to support it, would not press it to the vote in the Committee and would instead put its proposal before the Economic and Social Council in accordance with rule 10 (e) of the Council's rules of procedure.

25. The CHAIRMAN drew attention to the fact that the Afghanistan representative had re-drafted his amendment to the seven-Power draft resolution (A/C.2/343) as a new fourth paragraph of the preamble, reading: "Taking into account General Assembly resolution 1028 (XI) concerning transit facilities for land-locked countries".

26. Mr. HAGIWARA (Japan) said, in reply to the questions by the representatives of Ceylon and the USSR on the meaning of the words "free and fair international competition", that he believed that further expansion of international trade was possible if the various unjustifiable barriers to international trade such as unduly high tariffs were removed. That applied both to the free enterprise countries and to State trading countries. Any country that wished to take part in international trade must comply with the general rules of international trade. If a country instituted unduly high tariffs to protect national industry, fair competition between national and foreign producers would be impossible, whereas the lowering of those tariffs would lead naturally to an increase in competition, and thus in the volume of trade. Japan was in the process of negotiating trade agreements with the USSR and if the Soviet products were good and their prices reasonable, they should be allowed to compete freely with Japanese products and foreign goods in the Japanese market. The situation was not at all the same of course, in the case of an under-developed country which needed tariff barriers to give infant industries a chance to grow. The phrase "free and fair international competition" was intended to cover both situations, and had become even more appropriate in the light of the Brazilian oral amendment (472nd meeting) which specifically dealt with the needs of under-developed countries.

27. In reply to the Saudi Arabian representative's question concerning the regulations governing the Organization for Trade Co-operation, he pointed out that when the Organization came into being, it would, in accordance with established procedure, enter into negotiations with the United Nations with a view to concluding an agreement bringing it into relationship with

the United Nations as a specialized agency. The agreement would go before the General Assembly which would then have an opportunity to examine the merits of the new organization and the rules under which it operated. Accordingly, while he had no objection to a recommendation designed to ensure a wider membership of the Organization, he felt that the recommendation could more appropriately be made after the organization had come into being.

28. The representative of Ceylon had asked why so many countries, especially the under-developed ones, had failed to join GATT. A major reason was that GATT had so far been principally concerned with the negotiation of lower tariffs between its Contracting Parties, a matter in which under-developed countries exporting raw materials, on which tariffs were generally non-existent or very low, had little interest. Such countries were also afraid that after joining GATT their own freedom to erect tariff barriers against foreign products would be limited although GATT in fact made an exception in their case, and, after they had developed their own industries, they would want GATT's help to remove foreign tariff barriers to their new industrial products. Thus GATT's limited membership was the fault of the countries themselves rather than of the rules under which GATT operated.

29. Commenting on the Soviet Union representative's remark concerning Japan's position under GATT, he said that while the facts were correct, he could not agree with that representative's conclusions. GATT applied the most-favoured-nation clause between its members, but recognized the admissibility of exceptions to that clause in certain cases. Under the Agreement members of GATT were not, in certain cases, compelled to extend most-favoured-nation treatment to new members and while Japan regretted that this exceptional provision had been invoked in its case, it recognized that the provision was necessary in order to facilitate accession to GATT and to make it a more universal instrument.

30. Mr. HALIQ (Saudi Arabia) observed that if the Assembly could urge Member States to take action to establish OTC it was surely entitled to invite the members of GATT to modify the Agreement on OTC so as to make accession easier. The seven-Power draft appeared to assume that only the manufactured goods of the industrialized countries were involved in international trade and that the remaining countries had no interest in free and universal trade.

31. In the light of the Japanese representative's statement, he considered that operative paragraph 2 of the seven-Power draft was superfluous and out of order, and accordingly could not support it.

32. Mr. ARKADEV (Union of Soviet Socialist Republics) agreed that the references to the proposed Organization in the preamble and operative part of the seven-Power draft were out of place. He wished to know specifically what the words "Member States" in operative paragraph 2 meant.

33. Mr. HASSAN (Sudan) did not see how the Assembly could be asked to urge ratification of an agreement in the drafting of which it had taken no part.

34. Mr. KACEM (Afghanistan) said that he attached great importance to his amendment. He recalled that his country's recent efforts to increase the volume of

its trade with Japan had failed and that he had been informed by the Japanese Government that transit difficulties were to blame. He would be interested to hear why the volume of trade between his country and Japan had been gradually declining.

The meeting was suspended at 4.20 p.m. and resumed at 4.30 p.m.

35. Mr. HAGIWARA (Japan) said that the Afghan amendment would be acceptable to the sponsors of the seven-Power draft resolution if the General Assembly resolution was referred to by number only. He was not in a position to state why the volume of trade between Japan and Afghanistan had diminished, but was prepared, if the Afghanistan representative so desired, to cable his Government for information.

36. Mr. ARDALAN (Iran) agreed that it would be preferable to refer simply to the number of the resolution. If the reference to transit facilities was retained, he suggested that the amendment should be expanded to take into account the limitations on the rights of land-locked countries in that respect under international law.

37. Mr. KAUFMANN (Netherlands) proposed that the Afghan amendment be amended to read "Taking into account General Assembly resolution 1028 (XI) concerning the needs of land-locked countries in the matter of transit facilities,".

38. Mr. KACEM (Afghanistan) accepted the Netherlands sub-amendment.

39. Mr. HAGIWARA (Japan) accepted the Afghan amendment on behalf of the sponsors.

40. Mr. THOMSON (Australia) said, in reply to the Soviet Union representative's question, that it was the understanding of the sponsors that the second operative paragraph called upon Members of the United Nations also members of GATT to ratify the Agreement on OTC. Members of the United Nations which were not yet members of GATT might, if they desired, use their good offices with the former to induce them to ratify the Agreement. The question had been discussed and clarified at the eleventh session in connexion with the similar provision adopted in resolution 1027 (XI).

41. Mr. KAMENOV (Bulgaria) suggested that the wording of operative paragraph 2 should be changed in the light of the Australian representative's explanation.

42. Mr. CARANICAS (Greece) requested that the vote on the joint draft resolution be postponed.

43. After an exchange of views in which Mr. HASSAN (Sudan), Mr. HALIQ (Saudi Arabia), Mrs. WRIGHT (Denmark) and Mr. ARKADEV (Union of Soviet Socialist Republics) took part, Mr. RAJAPATIRANA (Ceylon) moved the adjournment of the meeting under rule 119 of the rules of procedure.

The motion was rejected by 28 votes to 25, with 13 abstentions.

44. Mr. CARANICAS (Greece) proposed that voting on the joint draft resolution be postponed until the next meeting.

The proposal was rejected by 30 votes to 27, with 10 abstentions.

45. Mr. HASSAN (Sudan) said that although his country favoured the expansion of international trade, his dele-

gation would abstain in the vote as several points in the operative paragraph of the joint draft resolution were, in its view, unclear.

46. Mr. ARKADEV (Union of Soviet Socialist Republics) said that it was regrettable, in view of the obscurity of the joint draft resolution, the contents of which had not been adequately explained by the sponsors, that the proposal had not been redrafted or withdrawn.

47. He had asked the sponsors of the draft resolution what they meant by the word "Organization" in the second operative paragraph of the resolution, urging the Governments of "Member States" (in the Russian text: "of the Organization") to take action with a view to approving the Agreement on the Organization for Trade Co-operation at as early a date as possible". He had not received any answer to his question. As he understood it, the Organization referred to might be either the United Nations or the Organization for Trade Co-operation. If the recommendation was addressed to the States Members of the United Nations, his Government could not accept it, since it had nothing to do with the Organization for Trade Co-operation. If the sponsors of the draft resolution had in mind the States members of the Organization for Trade Co-operation, the recommendation in no way concerned his Government. In either case the proposal was meaningless.

48. The course of the discussion had shown that the document before the Committee was a crude and completely obscure piece of work. How could the members of the Committee be expected to approve the draft resolution, if the sponsors themselves could not explain it? He considered it irresponsible to submit a draft resolution for approval by the United Nations in such fashion. Surely there was no lack of jurists, politicians and economists in the United Nations who might have drafted a proper text. The United Nations must be careful to preserve its reputation and its authority.

49. His delegation would vote against those paragraphs which referred to the Organization for Trade Co-operation and against the draft resolution as a whole. That would be the proper course for all delegations to take. He requested that the draft resolution be put to the vote paragraph by paragraph, and that operative paragraph 2 be put to the vote in two parts.

50. Mr. JUNG (India) moved the adjournment of the meeting.

The motion was rejected by 32 votes to 29, with 5 abstentions.

51. The CHAIRMAN invited the Committee to vote on the revised seven-Power joint draft resolution (A/C.2/L.335/Rev.1), as amended by Greece (A/C.2/L.340) and by Afghanistan in the new text proposed by the Netherlands, these having been accepted by the sponsors.

The first paragraph of the preamble was adopted by 53 votes to none, with 14 abstentions.

The second paragraph of the preamble was adopted by 63 votes to none, with 2 abstentions.

The third paragraph of the preamble was adopted by 61 votes to none, with 3 abstentions.

The new fourth paragraph of the preamble was adopted by 64 votes to none, with 2 abstentions.

The fifth paragraph of the preamble was adopted by 45 votes to 8, with 13 abstentions.

The sixth paragraph of the preamble was adopted by 42 votes to 8, with 17 abstentions.

Operative paragraph 1 was adopted by 53 votes to none, with 15 abstentions.

The first part of operative paragraph 2 (A/C.2/L.340) was adopted by 58 votes to none with 8 abstentions.

At the request of Morocco, a vote was taken by roll-call on operative paragraph 2 as a whole.

Bulgaria, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Burma, Canada, Ceylon, Chile, China, Cuba, Denmark, Dominican Republic, Finland, France, Iceland, India, Indonesia, Iran, Italy, Japan, Libya, Luxembourg, Malaya (Federation of), Nepal, Netherlands, New Zealand, Norway, Pakistan, Philippines, Sweden, Thailand, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Venezuela, Argentina, Australia, Austria, Belgium, Brazil.

Against: Bulgaria, Byelorussian Soviet Socialist Republic, Hungary, Poland, Romania, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Albania.

Abstaining: Cambodia, Colombia, Czechoslovakia, Egypt, Ghana, Greece, Guatemala, Honduras, Iraq, Ireland, Israel, Jordan, Laos, Liberia, Mexico, Morocco, Panama, Paraguay, Saudi Arabia, Sudan, Tunisia, Yemen, Yugoslavia, Afghanistan.

Operative paragraph 2 was adopted by 37 votes to 8, with 24 abstentions.

The seven-Power draft resolution (A/C.2/L.335/Rev.1), as a whole, was adopted by 42 votes to 7, with 21 abstentions.2/

52. Mr. CARANICAS (Greece), explaining his vote, said that although his delegation had voted for the joint draft resolution as a whole, it had abstained from the vote on operative paragraph 2 as a whole because it felt that the doubts expressed by certain delegations had been to some extent justified. Operative paragraph 2 was in fact an appeal to the legislatures of certain countries to approve the Agreement on the Organization for Trade Co-operation; it was not right to single out a group of countries and urge them to approve an institution which was the subject of misgivings on the part of many representatives.

53. Mr. KITTANI (Iraq) said that his delegation had abstained for reasons of principle. A country which was not a member of GATT and had not taken a stand concerning the Organization for Trade Co-operation could not properly vote for a resolution urging other Governments to approve the Agreement on the Organization. It was for the individual countries concerned to decide whether or not to ratify the Agreement.

The meeting rose at 7 p.m.

2/ The representatives of Haiti and Peru, who were absent during the vote, asked at the 476th meeting that their countries should be considered as having voted for the draft resolution. The representative of Bolivia made the same request at the 477th meeting.