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JOINT MEETING OF THE JOINT SUB-COMMITTEE OF THE SECOND AND SIXTH COMMITTEES, SUB-COMMITTEE A OF THE THIRD COMMITTEE, AND SUB-COMMITTEE D OF THE SIXTH COMMITTEE

SUMMARY RECORD OF THE FIRST MEETING

Held at the Capitol, Havana, Cuba, on Tuesday, 3 February 1948 at 6.00 p.m.

Chairman: Mr. COOMBS (Australia)

ELECTION OF CHAIRMAN

On the suggestion of the representative of the United States of America, seconded by the representative of Mexico, Mr. COOMBS (Australia) was elected Chairman unanimously.

CONSIDERATION OF NOTE ON TARIFF COMMITTEE AND COMMITTEE ON ECONOMIC DEVELOPMENT SUBMITTED BY AUSTRALIAN, MEXICAN AND UNITED STATES DELEGATIONS (E/CONF.2/W.15).

The CHAIRMAN explained that the Note was to be regarded as a basis for discussion and had been put forward to avoid duplication of debate in the various Sub-Committees concerned. It was in no way a final proposal.

He suggested that the meeting should consider the principles underlying the proposals contained in the Note without committing itself in respect of any of the details. If then a detailed discussion was considered desirable, the Note could be referred back to the Sub-Committees or to a combined working group.

Mr. SAENZ (Mexico) agreed that the Note could only be regarded as a working document and should not be discussed in detail. The meeting should turn its attention to the relationship which would exist between the Tariff Committee and the proposed Economic Development Committee, for any working group would need instructions on that point. In his opinion the question of whether there should be an Economic Development Committee was outside the terms of reference of the ensuing discussion.

Mr. LEDDY (United States of America) agreed generally with the Chairman and the representative of Mexico. His delegation did not regard itself as committed to the proposal contained in the Note but felt that the latter would be useful as a basis for a discussion of the terms of reference of a

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working group. He assumed that the meeting was competent to consider any proposal relating to the establishment of an Economic Development Committee, for otherwise there would be no point in starting a discussion at this joint meeting.

Mr. SHACKLE (United Kingdom) recalled that the proposal for an Economic Development Committee had been put forward as a kind of counter-weight to the Tariff Committee. He did not consider however, that there was a true parallelism between the two bodies and their functions. The Tariff Committee had a narrow limited task and within its field there was strong justification for giving it a large measure of autonomy. Article 17 had been amended to ensure that due allowance would be made for all relevant considerations. He agreed however that the decisions of the Tariff Committee might well be subject to appeal to the Executive Board and Conference.

The proposed Economic Development Committee, on the other hand, would have initial responsibility with respect to the provisions of Chapter III and more. No body was contemplated which would have the same scope with regard to commercial policy. It was important that all organs of I.T.O should be integrated and co-ordinated and that this should be done through the Executive Board and the Conference. Acceptance of the fact that Tariff Committee decisions would be subject to appeals to the Executive Board, therefore, would need to be part of a generally satisfactory accommodation. Decisions of the Economic Development Committee should also be subject to appeals to the Executive Board and the Conference. The findings of the Economic Development Committee should be consistent with the general policy of I.T.O. and should not lead to the perpetuation of divergencies. To preserve consistency and balance, it should be a Sub-Committee of the Executive Board, composed of perhaps twelve of its members chosen for their suitability to participate in the work of that committee.

Under these proposals, not only would the Tariff Committee have more limited field than the Economic Development Committee, but it would be of a temporary and interim character and there would exist no permanent organ on general commercial policy, whereas the Economic Development Committee would be a permanent body. Safeguards had been laid down which would prevent the Tariff Committee from becoming an independent unit within the Organization; similar steps should be taken with respect to the Economic Development Committee.

Mr. LAMSVELT (Netherlands) was inclined to accept the Note as a well-balanced compromise between the different views which had previously been put forward. He was not in agreement with the views expressed by the representative of the United Kingdom.

Mr. DAO (China) agreed that the Note was a good basis for discussion. He recalled that the Chinese delegation had already suggested that, if set up,

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the Economic Development Committee should be a permanent body, and that Members should have the right of appeal from Tariff Committee decisions. It had also said that when the Tariff Committee was discussing a particular Member's failure to fulfill its obligations under Article 17, that Member should be allowed to participate in the discussion.

If the detailed discussion of this question were to be referred to the existing Working Parties of the Sub-Committees concerned, the Chinese delegation would not be represented at those discussions. It would be happy, however, to collaborate in that work.

Mr. IGONET (France) drew attention to the three aspects of the problem under discussion; the powers, position in the Organization, and membership of the two Committees. The Tariff Committee was being dealt with as a temporary body, but even if later its membership were to be greatly increased, by accessions to the General Agreement on Tariff and Trade, there would still be a need for a special tariff body. The problem of the relation between the later tariff body and the Economic Development Committee therefore would come up for discussion. If decisions were made quite independently under Articles 13 and 15, conflict between the two bodies would of necessity arise. The powers and composition of the Economic Development Committee could not be defined without, at the same time, defining the powers and composition of the future tariff body. It was important that the decisions of the two bodies should be subject to appeals to the Executive Board, but it was not essential that the Economic Development Committee should be composed of Members of the Executive Board. It was imperative that the Economic Development Committee should give due consideration to the problem of reconstruction as well as to economic development.

Mr. MULLER (Belgium) was willing to accept this Note as a working paper and agreed that there was need for an Economic Development Committee, but disagreed that the powers of the Tariff Committee should be limited. In this he supported the view of the United Kingdom representative. The Tariff Committee could not be regarded primarily as an interim body. Should the Tariff Committee prove to be unnecessary at a later date, another body, perhaps one dealing with general commercial policy, would be needed.

If an appeal from Tariff Committee decisions were to be granted as in paragraph 1 (d) on page 2 a reciprocal right should be granted to the members of the Tariff Committee. He agreed with the representative of France with respect to the problem of reconstruction. Paragraph 2 (a) (iii) at the top of page 3 of the Note perhaps would be acceptable if the same right were to be accorded to the Tariff Committee. The question of how the work of the Economic Development Committee would be reviewed by the Executive Board would

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have to be more clearly defined.

Mr. D'ANNA (Italy) thought the Working Paper was an acceptable compromise, at least in its broad outlines, and noted that it included the right of appeal against decisions of the Tariff Commission, which had been proposed in an amendment submitted by his Delegation. The problem of the economic rehabilitation of countries devastated by war should be accorded the same consideration as the problem of economic development.

Mr. LLERAS (Colombia) agreed in principle with the general lines of the Working Paper. The Working Party should consider providing in the Charter for the establishment, composition and scope of a body to replace the Tariff Committee, and the relationship between the Economic Development Committee and the Executive Board, particularly the problem whether all decisions should be reviewed by the Board or only on appeal.

Mr. MACHADO (Cuba) thought the Working Paper an excellent guide which should be referred to the relevant Sub-Committees for further study of the specific proposals. It was questionable whether the Tariff Committee should go out of existence. The member affected, as well as the member subject of the complaint, should have the right to participate in the Tariff Committee's deliberations and decisions. The Tariff Committee should consult with all bodies of the Organization as well as with the Economic Development Committee. The right of appeal to a superior body from Tariff Committee decisions should not be limited. The delegate of Cuba reserved his position concerning the proposed amendment to the General Agreement, pending further consultation with his delegation.

Mr. COUILLARD (Canada) speaking on behalf of his delegation, was willing to accept as a Working Paper the Note which outlined the problems involved in clear and orderly fashion. However, he failed to see the parallelism between the Tariff Committee and the Economic Development Committee. Canada preferred the Geneva text which provided for recourse to Chapter VIII against action arising out of Tariff Committee decisions rather than direct appeal. According to the Canadian view, there were two conditions to full membership in the ITO: to accept the Charter, and, after negotiations under Article 17, to enter the General Agreement on Tariffs and Trade. The position of members described in paragraph 3 (b) on page 2 of the Note was covered, in his view, by the revised text of Article 17. A more autonomous Tariff Committee than was contemplated in the Working Paper was not inconsistent, inasmuch as several years would elapse before the membership of the ITO and GATT was identical. If the Tariff Committee was to be an interim body, there should be at least an interpretative note concerning a continuation or replacement of this organ. Procedure for consultation should be expanded to include

bodies other than the Economic Development Committee. The right of appeal should be changed to the right of recourse. The Working Paper should be discussed preferably by the separate Sub-Committees concerned.

Mr. USMANI (Pakistan) noted that amendments submitted by his Delegation to the Note were being circulated separately.

Mr. ALAYZA (Peru) said the Working Paper was a reasonable basis for discussion, but agreed with the representatives of the United Kingdom and Canada as to the lack of parallelism between the Tariff Committee and the Economic Development Committee for different reasons. The general outline of the principles were acceptable, but the precise form of the proposals needed further study. The Economic Development Committee would be a permanent branch of the Executive Board, but the Tariff Committee would be temporary and composed only of members of the GATT. Procedure for the right of appeal was contemplated, but in all probability the same members, under a different name, would judge the appeal, with which he could not agree. The terms of reference of the Economic Development Committee were derived for the most part from Article 13, while the Tariff Committee would make decisions arising from Articles 16, 17, 18 and 31, and would in fact be a fundamental organ, particularly if the use of subsidies and quantitative restrictions were limited and the commercial policies of Members had to be based on tariffs, taxes and state monopolies.

Mr. SEIDENFADEN (Denmark) agreed with the representatives of Canada and the United Kingdom, and thought that provision should be made for the future work of the Tariff Committee.

Mr. TORRES (Brazil) was in general agreement with the suggestions of the Working Paper. The Economic Development Committee should not be limited to decisions on matters arising under Chapter III; it should have positive functions and be composed of well-informed technicians. Selection of members of the Tariff Committee would be dependent upon its terms of reference.

It was agreed that a Working Party composed of the representatives of Australia, Mexico, Pakistan, United Kingdom and the United States, should consider the Working Paper in the light of the present discussion and submit a revised draft to Sub-Committee A of Committee III, Sub-Committee D of Committee VI, and the Joint Sub-Committee of Committees II and VI, the Chairmen of these committees to decide whether another joint meeting was necessary.

The meeting rose at 7.35 p.m.
