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SUMMARY RECORD OF THE ONE HUNDRED AND SIXTY-FOURTH MEETING

held at the Palais des Nations, Geneva,  
on Monday, 26 July 1954, at 2.30 p.m.

CONTENTS:

page

World economic situation (item 2 of the Council  
agenda) (continued):

- (a) Consideration of the world economic situation  
(E/2560, E/2581 and Corr.1, E/2582 and Corr.1,  
E/2516, E/2557, E/2578, E/L.497, E/AC.6/L.102/Rev.1,  
E/AC.6/L.108) (resumed from the previous meeting) 4
  
- (c) Removal of obstacles to international trade and  
means of developing international economic  
relations (E/2549, E/L.613/Rev.1, E/L.614,  
E/L.614/Corr.1 (English only) E/L.622) (resumed  
from the previous meeting) 4

Present:Chairman: Sir Douglas COPLAND (Australia)Members:

Argentina	Mr. MORALES
Australia	Mr. CORKERY
Belgium	Mr. van der SCHUEREN
China	Mr. CHEN
Cuba	Mr. RIBAS
Czechoslovakia	Mr. NOVAK
Ecuador	Mr. AVILES MOSQUERA
Egypt	Mr. EL-TANAMLI
France	Mr. ARMENGAUD
India	Mr. BAJPAI
Norway	Mr. SKAUG
Pakistan	Mr. Anwar ALI
Turkey	Mr. ÖZGUREL
Union of Soviet Socialist Republics	Mr. MORDVINOV
United Kingdom of Great Britain and Northern Ireland	Sir Alec RANDALL
United States of America	Mr. HOTCHKIS
Venezuela	Mr. UZCATEGUI RAMIREZ
Yugoslavia	Mr. RAKNIĆ

Observers from member States of the United Nations:

Brazil	Mr. MACHADO
Indonesia	Miss LAILURUSAD
Israel	Mr. KAHANY
Mexico	Mr. MERIGO
Netherlands	Mr. WALRAVEN
Poland	Mr. BOGUSZ

Representatives of specialized agencies:

International Labour Organisation	Mr. DAWSON
International Bank for Reconstruction and Development	Mr. LOPeZ-HERRARTE

Representatives of non-governmental organizations:Category A

World Federation of Trade Unions	Mr. CASADEI
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Category B and Register

Catholic International Union for Social Service	Miss HERTOGHE
Co-ordinating Board of Jewish Organizations	Mr. WARBURG
Chamber of Commerce of the United States )	Mr. CRUICKSHANK
Inter-American Council of Commerce and Production )	
International Federation of University Women	Mrs. FIECHTER
World Calendar Association, International	Mr. JOYCE
Union O.S.E.	Mr. BERENSTEIN

Secretariat:

Mr. Blough	Principal Director, Department of Economic Affairs
Mr. Caustin	Director, Division of Economic Stability and Development
Mr. Messing-Mierzejewski	Secretary to the Committee

WORLD ECONOMIC SITUATION (item 2 of the Council agenda) (continued):

(a) Consideration of the world economic situation (E/2560, E/2581 and Corr.1, E/2582 and Corr.1, E/2516, E/2557, E/2578, E/L.497, E/AC.6/L.102/Rev.1, E/AC.6/L.108) (resumed from the previous meeting)

Mr. EL-TANAMLI (Egypt) said that the Working Party set up at the previous meeting to draft a revised text of the Egyptian, Indian and Pakistani joint draft resolution (E/AC.6/L.102/Rev.1) on the world economic situation, had succeeded in preparing a version which had been unanimously approved. He proposed that the Committee defer examination thereof until the text had been circulated.

It was so decided.

(c) Removal of obstacles to international trade and means of developing international economic relations (E/2549, E/L.613/Rev.1, E/L.614, E/L.614/Corr.1 (English only), E/L.622) (resumed from the previous meeting)

Mr. MORDVINOV (Union of Soviet Socialist Republics) said that dissatisfaction at the world trade situation and a desire for the removal of the obstacles impeding such trade was widely shared, and there would certainly be no divergence in the Committee about the advisability of restoring normal trade relations between all countries. His delegation's draft resolution (E/L.614/Corr.1) represented an important step towards the solution of the problems of East-West trade restrictions, the removal of the limitations on trade with under-developed countries and obstacles to inter-regional trade. The Soviet Union attached great importance to the removal of artificial barriers to and limitations on East-West trade, as an important element in the development of world trade, and had consistently pursued a policy of sound and business-like relations with all countries seeking such co-operation. The restrictions on trade relations imposed by the capitalist countries since 1948 had not adversely affected the economic development of the Soviet Union, which was able to draw on its own considerable resources. His country was convinced that the elimination of artificial barriers would be in the best interests of all, and would contribute towards the improvement of the international situation and strengthen the forces of peace. In fact, the recent relaxation in international tension had already led to an improvement in trade relations between the western countries and the Soviet Union, the People's Republic

of China and the other People's Democracies. In the first half of the current year the Soviet Union's trade with foreign countries had been 30 per cent greater than in the previous year, and there was no doubt that reciprocal trade would increase in all sectors once limitations were removed.

The countries represented on the Council had to decide whether to take a positive attitude towards economic development, and thus contribute to the restoration of normal trade relations, or to remain satisfied with the existing harmful restrictions. There were other obstacles too, such as market instability and the unfavourable price relation between imported and exported goods, but the Soviet Union believed that long-term agreements could do much to remove those obstacles.

His delegation's draft resolution proposed the convening of an international conference of government experts and representatives of industrial interests to study all the problems affecting world trade and to make recommendations for their solution. The experience already gained as a result of regional consultations of trade experts, particularly those within the framework of the Economic Commission for Europe (ECE), was of particular value, and the success of those consultations suggested that a conference on a world-wide basis would yield positive results. The failure of other economic conferences, particularly that held in London in 1933, to which the French representative had referred at the previous meeting, was to be attributed to the facts that many countries had not attended them and that the prevailing spirit had been one not of co-operation, but rather of each participant striving for his own advantage to the detriment of others. The present Soviet Union proposal, on the other hand, envisaged a conference based on the workings of the United Nations Charter. On that basis, his delegation believed there would be no real divergence of views, and that the conference would achieve positive results in suggesting ways of solving the existing problems.

His delegation believed that the Pakistani amendments (E/L.622) to the United Kingdom draft resolution (E/L.613/Rev.1) merited support.

Mr. van der SCHUEREN (Belgium) said that to the measures already mentioned in the Council by the leader of the Belgian delegation should be added the creation of an expansion fund, an increase in the number of trade missions and the establishment of suitable credit organs.

It would be as well to look more closely at the obstacles to the development of international trade. In the field of East-West trade, that was, trade between countries with a free economy and those with complete planning, the prospects had recently been defined by the Belgian Minister for Foreign Trade in the following terms: "It is not to the interest of countries of free enterprise to cease to trade with the countries practising complete planning, but the political situation makes it necessary to accept the fact that defence must have priority over immediate economic advantage". The Belgian delegation hoped that a real easing of international tension would make it possible to relax existing restrictions. Moreover, trade was only possible on a mutually acceptable basis. Thus, it also depended on the export potentialities of the East-European countries. The prices asked, conditions of sale and similar considerations might also cause difficulties. Those questions had been discussed at the first and second Consultations on East-West Trade, held at Geneva in 1953 and 1954.

In spite of the obstacles, progress had been achieved, and in 1953 Belgium had concluded trade agreements with the Soviet Union, Poland and Czechoslovakia.

The development of trade between the industrialized countries of private enterprise depended more particularly on the extent of their gold and foreign-exchange reserves, the incidence of customs duties, the size of quotas, the balance on international account and internal financial stability.

Immediately after the war, countries had been disposed to open their frontiers to imports and had lifted many customs duties. Later, they had imposed import and export quotas. The lengths to which the new policy had been carried, and the excessive height of customs duties, had led to the consideration of international agreements (the Havana Charter, the General Agreement on Tariffs and Trade (GATT), the Organization for European Economic Co-operation (OEEC), the European Payments Union (EPU), Benelux and the European Coal and Steel Community). There was no need to stress the progress those organizations had made possible in the field of trade. Difficulties certainly remained, but they were diminishing. The gold and dollar reserves of nearly all the countries of Western Europe had increased substantially, and the balance of payments of European countries as a whole with the dollar area had distinctly improved. It had thus been possible to make the

multilateral trade system considerably more flexible. Many countries had resolutely adopted such a policy and had almost completely liberalized their trade; others, however, had found it difficult to do so, and had neutralized or reduced the progress made by imposing countervailing surcharges.

The Belgian Government had always considered that a policy of liberalizing trade should make it possible to organize international trade more satisfactorily.

It was to be hoped that, given larger financial resources and better-balanced trade, the members of OEEC would be able to go resolutely forward towards convertibility, which would enable further progress to be made along the road of liberalization.

The problem of customs duties was more specifically a matter for GATT. There was no need to recall the services already rendered by that body. In its report entitled "International Trade, 1953", GATT had pointed out that the tendency to raise the protective incidence of tariffs had slackened during the first few months of 1954. By the terms of a recent proposal, each government was to undertake to reduce the protective incidence of its tariffs by a percentage which would be the same for all. The Belgian Government had intimated that it would support the principle of that proposal.

The Belgian delegation hoped that the work done in the United States of America, which had culminated in the drafting of the Randall Report, would make it possible to increase trade with that country still further in the near future.

According to the World Economic Report, 1952 - 53, between 1950 and 1953 trade between the industrial countries and those producing raw materials had accounted for approximately 57 to 59 per cent of the world total, whereas trade among the latter group alone had accounted for 9 to 11 per cent. That showed the importance of the foreign trade of the countries producing raw materials. The characteristic of that trade was its "sensitivity". The balance of trade of all the raw-material producing countries had undergone considerable fluctuations between the first six months of 1950 and the first six months of 1953, at which periods it had been virtually perfect. The same sensitivity was to be found in the price indices for the main raw materials. The under-developed countries were thus seriously handicapped in respect of their economic stability, their industrialization and, consequently, their social development. The Council could not ignore that ~~problem~~.

and if it succeeded in finding a satisfactory solution, it would probably have done more for the economic and social development of such countries than it had done by all the recommendations it had so far adopted.

The investment policy followed in respect of the Belgian Congo (about 1,200 million dollars in ten years) had already produced satisfactory results in trade. The import index in terms of tonnage had risen from 100 in 1950 to 152 in 1953, in which year exports had exceeded the 1950 level by 29.38 per cent.

He had quoted those figures to show his delegation's keen desire to support a constructive resolution.

With regard to the draft resolutions before the Committee, his delegation had no objection, in principle, to the recommendation in the first operative paragraph of the Soviet Union proposal. But it considered it essential that only practical recommendations should be submitted. That was why it believed that it was necessary to go further than suggested in the United Kingdom draft resolution (E/L.613/Rev.1) but at the same time thought that the second operative paragraph of the Soviet Union proposal in which the Secretary-General was instructed to convene an international conference of government experts, should be rejected. Sufficient preparatory work had not been done, and could not, in fact, be done in the time allowed. The Belgian delegation would support a draft resolution which gave the regional economic commissions a more practical share in the work proposed.

ECE had recently given an example of what those commissions could achieve. In 1953 and 1954, Consultations on East-West Trade had been held at Geneva. In addition, the Commission had decided that year to convene its Committee on the Development of Trade, which had not met since 1949, and had also decided that inter-regional economic co-operation should be organized.

Trade within the various currency areas or economic regions had increased in very typical fashion. Within Benelux, Belgian exports to the Netherlands had risen to 17 per cent of total exports in 1953, as against 11.7 per cent in 1938. Belgian imports from the Netherlands had accounted for 15.7 per cent of total imports in 1953, as against 8.5 per cent in 1938.

That fact should be taken into account when examining the problem of the development of trade.



The Belgian delegation had informed the United Kingdom delegation of the foregoing comments, and had been glad to note that the latter had consented to take them into account in its revised draft resolution. The Belgian delegation considered that when drafting his special report the Secretary-General ought not to overlook the work done by the regional economic commissions, both in their own regions and in the field of inter-regional trade. Neither should he lose sight of the French representative's comments on trade within the different currency areas.<sup>(1)</sup>

Sir Alec RANDALL (United Kingdom) wished to expand on the brief statement he had made on the subject in the Council.<sup>(2)</sup>

The United Kingdom, as one of the world's major trading nations, deriving as it did one quarter of its national income from foreign trade direct, was naturally extremely interested in efforts to overcome obstacles to trade. The time seemed appropriate for an effort to that end. A better balance in international payments had been reached during the last few years, price levels had recently been fairly stable, and few countries now showed a tendency towards either inflation or recession. Moreover, many of the trade and payments restrictions imposed in the early post-war years were being progressively removed. In spite of a slackening in world trade during 1952, its volume had reached a record high level by the second half of 1953.

The United Kingdom, wishing to see freer trade conditions, had co-operated in the "liberalization" policy promoted by OEEC, and about four fifths of its trade with the non-dollar world was now free of quantitative import restrictions. Moreover, about 50 per cent of its imports from dollar countries were also free from such control. Many of the pre-war commodity markets were being reopened, exchange controls had been relaxed and sterling could be freely used throughout the non-dollar world.

With regard to the convertibility of currencies, the aim of the United Kingdom Government was to associate freer trade with greater freedom of payment. In its view, the two must go together, and it was convinced that international organizations, such as OEEC, could do much to help lower trade barriers and to encourage an expansion of trade. It was easier for countries to carry out a courageous policy

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(1) See summary record of the 163rd meeting (E/AC.6/SR.163), pages 11 - 16.

(2) See E/SR.305, paragraph 15.

in the removal of import restrictions if they could rely on co-operation from their neighbours. The activity of the International Monetary Fund in providing credit facilities was of vital importance; and GATT had provided a framework for the reduction of tariffs and other obstacles to trade. He would also mention the useful work performed by the United Nations regional commissions, in particular ECE, in that direction.

It was an unfortunate fact that, for a number of reasons, East-West trade, although it had increased slightly, was still lower than before the war, representing only 2 per cent of total world trade. The first obstacle to a larger volume of East-West trade was the increased industrialization of Eastern Europe, which affected both the exports and the imports of the countries of that region. Their concentration on industrialization at the expense of agriculture had curtailed supplies of agricultural goods, while imports from the west had been largely confined to capital equipment and industrial raw materials. Another obstacle was the trend towards self-sufficiency of the Soviet Union and the East-European countries, which now did most of their trade with one another, whereas before the war about 90 per cent had been with Western Europe. That situation appeared to be the result of deliberate policy, since West European countries would have been glad to sell more consumer goods and to buy more grain, timber and similar products from the Soviet Union and Eastern Europe. He had therefore been very glad to hear the Soviet Union representative say that his country was planning to increase availabilities of goods for export. A third obstacle was created by strategic controls, imposed in the interests of security and in accordance with accepted international practice. Controls over arms and ammunition and other strategic materials were a regrettable necessity imposed by the worsening of international relations, and it was his earnest hope that the situation would improve and enable those controls to be relaxed.

It should therefore be evident that the blame for the low level of East-West trade could not be laid at the door of the Western Powers. The situation was due to factors over which they had no control, and which they regretted.

As to the general problem of expanding world trade, the United Kingdom Government considered that it would be useful if the question were examined in

greater detail by the Council; that was the purpose of his delegation's draft resolution. If the Secretariat could assemble the results of the work already being done by various international bodies and groups studying questions relating to trade, and make an assessment of recent developments in trade, it would be in a position to produce a review of the existing obstacles, together with their causes and effects. His Government did not believe that all obstacles to international trade could be rapidly and completely swept away in all countries; some countries would continue to need controls, particularly as a means of conserving their foreign-exchange resources. But it was to be hoped that the Secretariat would be able to bring into focus the various hindrances to the free flow of international trade - some arising from fundamental causes such as balance-of-payments difficulties, and some inherent in the existence of different economic and social systems - and on the basis of such a broad survey of the field the Council might at its next session consider what further action it could take towards promoting an expansion of world trade.

At the request of certain delegations, the United Kingdom draft resolution as originally drafted had been revised (E/L.613/Rev.1); the first operative paragraph now requested the Secretary-General to include in his next World Economic Report a study of the problems involved in expanding trade within and between the various existing regional groupings, such as EPU, the sterling area and the dollar area. His delegation believed that the approach it suggested offered greater hopes of useful results than would the calling of a vast international conference, as suggested in the Soviet Union draft resolution. In particular, such a conference would be unable to reach any useful conclusions without a great deal of careful preparatory work to ensure that when the representatives came together they all had a very precise idea of the concrete issues at stake and the specific objectives to be aimed at. He would therefore suggest that no such action as was suggested in the final paragraph of the Soviet Union draft resolution be considered until after the results of the survey proposed by his own delegation had been examined.

Mr. HOTCHKIS (United States of America) said that many of the international trade problems with which countries had been faced immediately after the end of the war had gradually been overcome; although important problems still remained, encouraging progress had been made in restoring normal trade conditions, and the volume of international trade, as well as total production and consumption, had reached record

levels in 1953. It could be said that at present there were fewer trade and payments restrictions than at any time during the post-war period.

The United States of America, one of whose major post-war objectives had been the restoration of a system of genuine multilateral trade, had supported such international organizations as the International Monetary Fund, had participated in discussions with other countries resulting in the lowering of tariff barriers, and, through its foreign aid programmes, was assisting in expanding the volume of world trade. The President had recommended additional measures to encourage foreign sales in the United States of America, such as simplifying customs procedures for goods entering the country and the extension of the Trade Agreements Act which enabled reciprocal tariff reductions to be negotiated. His country was ready to lend its support at the proper moment to the use of the resources of the International Monetary Fund for helping countries which wished to return to convertibility. The most important general contribution his Government could make was to give full play to the dynamism of a free economy, since a high level of economic activity within the country entailed a concomitant high level of demand for goods and services from abroad.

As to the special aspect of the subject, described as East-West trade, the Soviet Union periodically proclaimed its interest in expanding trade between itself and the countries of the Soviet bloc on the one hand and the countries of the free world on the other. It claimed to be practically the sole advocate of an expansion of international trade, and charged the Western countries with hampering trade by their strategic controls. But it was well known that only after the Soviet Union's aggressive intentions had become manifest had the United States of America and other countries felt it necessary in the interests of their own security to impose strategic controls; moreover, at the present time those controls applied to only a small proportion of the kinds of goods which had entered into East-West trade before the war. It was a fact that there had never been anything approaching an economic blockade of the Soviet Union, as had been suggested; on the contrary, there was a vast range of goods useful for civilian consumption and peaceful industrial development which could be freely exported to the countries of the Soviet bloc if the latter genuinely desired to expand their trade with the west. His country did

not object, and never had objected, to trade in peaceful goods with countries of that bloc. (That, of course, did not include Communist China).

For purely economic and geographical reasons, United States trade with the Soviet Union had never accounted for more than about one per cent of total United States trade. Such obstacles as now existed to an expansion of East-West trade arose directly from the policies of the Soviet bloc, which had led to the deliberate mobilization of all the resources of the satellite countries to serve the Soviet Union's ends, to the inability of the Soviet Union to provide the exports which would enable it to pay for the goods it wished to import, and to its refusal to co-operate in constructive efforts to rebuild Europe's post-war economy.

The Soviet Union representative had appealed for an expansion of trade to serve as a basis for "peaceful co-existence". But international trade did not of itself inevitably bring peace. The activities of Nazi Germany in that field might appropriately be recalled. Germany had continued to expand her foreign trade right up to the outbreak of the war. Trade would be the road to peace only if all parties wished to make it so. So soon as the Soviet Union's actions testified to its genuine interest in achieving a lasting peace, the western countries would be in a position to decide that the necessity to deny it materials of strategic importance no longer existed.

Any resolution adopted by the Council on the subject of developing economic relations must recognize the fact that recent years had in fact seen a considerable expansion of international trade. That the Soviet Union draft resolution failed to do. It was couched in very general and vague terms; and the proposal that an international conference should be convened did not seem practical, for there was no reason to believe that such a conference could achieve anything that could not be accomplished through regular United Nations machinery. Any real reduction in existing impediments to trade could only be brought about by the decisions and actions of individual governments taken in the light of existing circumstances, and not through sweeping recommendations bearing little relation to reality. A study of the kind suggested in the United Kingdom draft resolution might have fruitful results; and if later it should be felt desirable to deal with the matter in a larger gathering, there was the United Nations General Assembly, in which sixty

nations were represented. Furthermore, various international bodies already existed whose mission it was to deal with particular aspects of the problem of international trade.

The real key to the door of greater East-West trade was the policy of the Soviet Union itself. His Government would always welcome opportunities to expand international trade, but not at the expense of its own security or that of other free nations. The sincerity of the countries of the Soviet bloc in appealing for closer trade relations with the free-trading nations could be measured only by the extent to which they demonstrated in practical fashion their readiness to become good neighbours in the world community.

The United States delegation would vote against the Soviet Union draft resolution, and in favour of that submitted by the United Kingdom delegation.

Mr. Anwar ALI (Pakistan) pointed out that both the draft resolutions before the Committee had certain specific objectives in view, and failed to take into account certain important aspects of the problem. Thus, the view expressed in the second paragraph of the preamble to the Soviet Union draft resolution, that difficulties were increasing as a result of artificial obstacles to international trade, ignored other more important factors which had recently militated against the expansion of such trade.

Again, the reference in the second paragraph of the preamble to the United Kingdom draft resolution to various favourable developments which had enabled a number of countries to relax trade and exchange restrictions obviously related to the economically advanced countries; the under-developed countries could not share that optimism. According to the World Economic Report, 1952 - 53, the balance of payments of many under-developed countries had deteriorated sharply, necessitating widespread recourse to import restrictions. A policy of tightening such restrictions was in force in nearly all the Latin-American countries, the cuts in imports having been particularly drastic in Argentina and Brazil. The Asian countries producing raw materials had shown pronounced deflationary tendencies, as a result of the slump in raw materials, accompanied by greater cuts in imports than the fall in demand would in itself have brought about.

Another important fact disregarded in the United Kingdom draft resolution was the large volume of trade between the industrially advanced and the under-developed

countries. Between 1950 and 1953, such trade had accounted for 57 to 59 per cent of world trade, whereas the trade of the industrial countries among themselves had accounted for 26 to 28 per cent, and that of the countries producing raw materials among themselves for 9 to 11 per cent. Those figures showed the importance of devoting proper attention to the maintenance and expansion of the volume of that sector of world trade and to the removal of obstacles tending to reduce it. The recent trends and wide fluctuations in commodity prices were a major obstacle to the maintenance and expansion of world trade, on which in turn the volume of production and employment depended. The two basic obstacles to trade between the industrially advanced and the primary producing countries therefore seemed to be the instability of commodity prices and the inflexibility and inadequacy of the flow of international capital. In the light of those considerations, his delegation had submitted some amendments (E/L.622) to the United Kingdom draft resolution, with the object of bringing it into proper perspective and into closer conformity with the facts.

Mr. BAJPAI (India) felt that the Committee was unanimously agreed that world trade should not be restricted, and that such differences of opinion as existed related only to methods of expanding international trade and developing economic relations. He agreed with those who argued that no practical measures could be taken until an exhaustive study of the various problems had been made. The underlying intention of the Soviet Union draft resolution was obviously excellent, but he doubted whether the convening of a conference without preliminary study would be effective or useful. Experience had shown that even when governments were represented by experts it was difficult for them to reach unbiased decisions. His delegation therefore considered that the United Kingdom draft resolution would be more likely to lead to practical results, since the analytical study to be made by the Secretary-General would undoubtedly be objective. He proposed that in order to stress the comprehensive nature of the study, the words "on a global basis" should be inserted after the word "study" in the third line, and the word "all" after the word "between" in the fourth line, of the first operative paragraph of the United Kingdom text.

Mr. EL-TANAMLI (Egypt) observed that existing restrictions on international trade were based on economic, political, and occasionally military, considerations. In political and military matters all the Council could do was to make recommendations; and his delegations had already submitted a draft resolution to that end (E/AC.6/L.102), which was still before the Committee in a revised form (CE/AC.6/L.109).

The main restrictions on trade were those of an economic origin. Both the highly-developed countries and the under-developed countries applied them. The United Kingdom representative had pointed out that the latter were sometimes obliged to establish exchange control and to introduce trade restrictions in order to further their economic development. It might be added that exchange control was forced on them by the very nature of their economies. Nevertheless, they were now relaxing their restrictive regulations. At the Council's seventeenth session the Egyptian delegation had described the various measures taken by its Government to facilitate the transfer of income earned on foreign capital.

It seemed to be much more difficult to account for the restrictive measures taken by the highly-developed countries, especially those whose balance of payments was extremely favourable. According to some economists, freedom of trade was in the interest of such countries. Restrictions on imports of raw materials were of direct concern to Egypt. They were an obstacle to trade that nothing could justify, and it was high time they disappeared.

Both the draft resolutions before the Committee had their good points. His delegation had no objection in principle to the preamble to the Soviet Union proposal, but would like to see one or two changes in it. Neither did it object to the first operative paragraph, though the second hardly seemed necessary.

On the whole, his delegation approved of the United Kingdom draft, although it failed to stress the problem of economic development. The incontrovertible fact needed emphasizing that any expansion of trade automatically helped to increase production and to promote economic development. The Pakistani amendments sought to improve the drafting of the United Kingdom proposal, but mentioned only the ephemeral problem of fluctuations in the prices of primary commodities, ignoring the perennial problem of restrictions on imports of raw materials on which



point the Egyptian delegation would itself submit an amendment. It strongly supported the Indian amendments for which it would vote.

Mr. NOVAK (Czechoslovakia) welcomed the Soviet Union proposal that the question of removing obstacles to international trade should be considered by an international conference. The Soviet Union draft resolution properly made the point, in the third paragraph of the preamble, that the normal development of trade between States would help to improve relations between them and to reduce international tension. The concrete measures proposed by the Soviet Union delegation would certainly help to promote that aim.

The discussion on the world economic situation had shown that the discrimination exercised against the Soviet Union and the People's Democracies by the West-European countries under pressure from the United States of America was hindering the successful economic development of the latter group, many of which had traditionally based their economies on trade relations with East-European countries. Many capitalist countries were coming to realize the error of those discriminatory practices, and were taking counter measures to resist United States pressure. In the past year, trade between the capitalist countries on the one hand and the Soviet Union and the People's Democracies on the other had increased considerably, since some of the former had decided that the economic cold war must be brought to an end, and, that the principles of the development of international economic relations must be put into practice in a friendly atmosphere.

The measures proposed in the Soviet Union draft resolution were more likely to lead to practical results than those suggested by the United Kingdom delegation. The first operative paragraph of the former was imbued by the same spirit as the second operative paragraph of the latter, but went further, by proposing the convening of an international conference of government experts. The experience of such conferences of experts gained from the Consultations on East-West Trade arranged under the auspices of ECE justified the assumption that such a Conference would consider the problem in great detail and in a realistic manner.

Moreover, the adoption of the Soviet Union draft resolution would certainly not prevent the Council from discussing the development of international trade at subsequent sessions in the light of the conference's recommendations. Indeed, the problem was so important that it was essential to keep it permanently on the

Council's agenda. The third operative paragraph of the United Kingdom draft resolution, however, proposed that the Council should resume its consideration of the matter at its twentieth session alone. That proposal could therefore have little practical effect.

The Czechoslovak delegation would accordingly vote for the Soviet Union draft resolution.

Mr. ÖZGUREL (Turkey) recalled that, during the discussion on the world economic situation in the Council, all delegations had emphasized the need for maintaining economic activity at a high level as the best means of ensuring the stability of each individual country's economy. To achieve that end, international trade must be developed and financed; but those were problems bound up with increased production. However, increased production was not in itself enough. If slumps were to be avoided, there must be facilities for disposing of any national production in excess of national needs. It should be remembered that over-production was a function not of requirements but of purchasing power. In any event, as the Pakistani representative had rightly pointed out, liberalization of international trade could not by itself change the trend towards a gradual widening of the gap between the developed and the under-developed countries in the matter of production levels, consumptions levels and standards of living. If matters were to be put right, other measures affecting the structure of the under-developed countries themselves were equally essential.

There was probably no simple solution to so complex a problem. A study would have to be made of the changes which might come about in the make-up and flows of international trade during the next few years, and distribution machinery would have to be improved.

The United Kingdom proposal seemed to cover those points. It requested the Secretary-General to make a study of the various problems in order to provide the Council with a sounder basis for its eventual decisions. There seemed to be no need to convene an international conference to deal with the problem, and the Turkish delegation could not therefore support the Soviet Union proposal.

Mr. SKAUG (Norway) explained that his Government attached great importance to the question under consideration, because Norway was more dependent upon international trade than were most other countries, the volume of its international trade per head of population being among the highest in the world. It had therefore adhered to GATT, and had succeeded, within the framework of OEEC, in liberalizing 75 per cent of its imports from European countries. Norway's dollar imports were also much freer than they had been in the past, and his country had met with remarkable success in developing its trade with the Soviet Union, which was now greater than it had been before the war.

The real obstacle to East-West trade was not discrimination or strategic controls, but the inability of the East-European countries to deliver goods in exchange for their imports. It might happen that the East-European countries offered commodities which his country did not buy, but it should be borne in mind in that connexion that its market was free and competitive, and that it could not order its consumers to purchase certain goods. To increase sales on free markets, exporters must be prepared to compete with other countries in respect of prices, quality and servicing.

His Government was extremely anxious to see the remaining obstacles to international trade removed, and was not in principle opposed to an international conference. Nevertheless, it would be most unwise to convene such a conference without an assurance that it would prove useful. International conferences were costly and time-consuming, and experience had shown that they could yield no good results without extensive preparatory work. His delegation therefore supported the United Kingdom draft resolution, because it proposed that a detailed analysis of the whole problem be made prior to a decision by the Council as to the best action that could be taken. Moreover, the United Nations already had an instrument to hand in the shape of GATT for dealing with obstacles to international trade; that Agreement was to be reviewed during the coming winter, and it would be wise to await the outcome of that process before making any further move. Furthermore, it was logical to ask the Secretariat to survey the whole situation and to provide the necessary analysis.

Mr. MORALES (Argentina) thought that the main features of the debate were its constructive spirit and the fact that most countries viewed the problem of the development of international economic relations with concern. His own country attached great importance to the question, because it was largely dependent upon international trade for securing its economic stability and promoting its economic development. Another fundamental condition of the balanced development of international trade relations was realistic reciprocity. Many delegations had described the state of their economic development in terms of the incidence of foreign trade in their economies. The varying degree of influence wielded by foreign trade must be borne in mind in drawing up common policies, especially where the under-developed countries were concerned. The Tenth Conference of the Organization of American States, held earlier that year at Caracas, had adopted a resolution on the removal of obstacles to international trade, laying stress on the position of the Latin-American countries.

His delegation had repeatedly stressed the factors influencing international trade, and hence economic development. At the seventh session of the General Assembly when revision of principal policy lines had been under discussion, it had suggested that the foundations should be laid for the convening of an international economic conference. It had not, however, made any suggestions about the agenda of such a conference, or when it should be convened, because it had considered it essential first to complete the necessary preliminary work in order to give the conference the greatest possible chance of success. Discussions at such a conference must not be confined to generalities; all aspects of the world economic situation would have to be taken into account.

The Argentine Government therefore feared that the immediate convening of an international conference of government experts, as proposed in the Soviet Union draft resolution, might fail to produce the desired effect, and he would accordingly be unable to vote for the second operative paragraph of that proposal.

He could, however, agree with the other principles stated therein, and also with those outlined in the United Kingdom draft resolution. The Argentine Government had expanded its trade with all parts of the world, on the basis of mutual respect for the sovereignty of States and of equitable exchanges advantageous

to all parties. In the last few years, Argentina's trade with the Soviet Union and other East-European countries had increased substantially.

The United Kingdom draft resolution, with the Pakistani amendments thereto, might well be taken as a basis for discussion. He welcomed the Egyptian representative's suggestion concerning the need for emphasizing the close relationship between the expansion of international trade and economic development. He would be able to vote for the United Kingdom proposal if that representative's remarks were taken into account.

His delegation would continue to support all international efforts to expand world trade, which so greatly influenced economic stability, standards of living and peace throughout the world. An important conference was to be held in Rio de Janeiro in November 1954, at which the expansion of regional trade would be the most important item on the agenda. The conclusions of that conference would have a considerable effect on international efforts to develop world trade.

Mr. AVILES MOSQUERA (Ecuador) stressed the importance which Ecuador, as an exporter of raw materials and an importer of manufactured goods, traditionally attached to foreign trade. Regarding international trade as an important factor in economic development, it had taken steps to expand its trade. Ecuador's trade policy was not discriminatory and, so far as the country's balance-of-payments situation permitted, was being progressively liberalized.

As he had explained in the Council,<sup>(1)</sup> Ecuador, changing over from a system of control by both volume and value to one based on value alone, had done away with the exchange surcharges, which since the previous January had been incorporated in the Customs Tariff. Considering that the expansion of international trade was especially important for economic development, Ecuador had concluded payments agreements with various countries, and, in order to encourage regional trade, had endeavoured to strengthen its relations with the countries to which for geographical and historical reasons it was most closely linked. It had recently subscribed to the Santiago agreement on economic co-operation between Argentina and Chile and at the Tenth Conference of the Organization of American States at Caracas that year had helped to secure the adoption of effective measures for intensifying trade relations between the countries of the Western Hemisphere.

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(1) See E/SR.802, paragraphs 64 - 74.

The aims and ideas of the Soviet Union draft resolution merited consideration, but the proposal, although in some respects similar to the United Kingdom draft resolution, failed to take account of certain problems that required prior study. It was essential to examine closely what was to be understood by obstacles to international trade, and to define their nature and scope. The immediate convening of a conference, as suggested by the Soviet Union delegation did not seem the most appropriate procedure. The delegation of Ecuador considered that the United Kingdom draft resolution provided an excellent basis for discussion, and it would also study the Pakistani and Indian amendments, as well as the suggestion that the Egyptian representative had made concerning the placing of greater emphasis on the relationship between international trade and economic development.

The meeting rose at 5.25 p.m.