UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

PREP.RATORY COMMITTEE
of the
INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT

Verbatim Report

of the
NINTH MEETING
of
COMMITTEE IV

hold in
The Hoare Memorial Hall, Church House
Westminster, S.W.1.
on
Wednesday, 20th November, 1946
at
5 p.m.

CHAIRMAN: MR. J.R.C. HELORE (U.K)

(From the Shorthand Notes of
W.B. GURNEY, SONS & FUNNELL,
58, Victoria Street,
Westminster, S.W.1.)
THE CHAIRMAN: We have before us the Rapporteur's revised report of this Committee, on this occasion in English only, as arranged with the French Delegation last night. Before I come to the report I want to let the Committee know that Mr. Wyndham White has had from the New York office of the United Nations an inquiry whether the as yet unborn I.T.O. wishes to send any party to represent it at the F.A.O. Commission in Washington, now that the labours of this Committee are over. It occurred to me that we might be in a better position to come to a view on that if we know how many Delegations are intending to have in Washington for a time members who have taken part in the proceedings of this Committee. I wonder if I could ask in how many cases that will be so? Will Delegates raise their hands if that is so? Therefore in at least five cases those who have attended this Committee will be in Washington for a time. My own advice to the Committee would be that we should ask Mr. Wyndham White to reply to New York in the sense that at least five national Delegations will have in Washington officials who have been present at the meetings of this Committee. We think it is unnecessary for us to take on the somewhat invidious task of designating one particular person or two or three particular persons to represent this Committee, and that in fact the objective will be achieved by the presence in Washington of the people who have indicated that their Delegations will be present. Would that be generally agreeable?

We may now turn to the report of this Committee. I think the quickest method— and I am sure the Committee want me to adopt the quickest method—would be if I were to call each paragraph, or in some cases groups of paragraphs, and if the Rapporteur were immediately to say very shortly what is the content of the paragraphs. If it is historical or descriptive probably the Committee will be prepared, having seen the previous version, to pass it without too much detailed attention. If the Rapporteur tells us that the paragraph incorporates a reservation, or a comment of special interest to one Delegation, then we can spend a few minutes longer on those particular paragraphs. Would that be an acceptable way of proceeding? I will start with paragraphs 1 to 6 on pages 1 and 2.
THE RAPPORTEUR: Those paragraphs are purely a descriptive outline of the Committee's work, the number of meetings held, the papers received and so on. There is nothing of substance in them.

THE CHAIRMAN: I assume those are adopted, as there is no comment. Page 3, paragraph 1.

THE RAPPORTEUR: Paragraph 1 attempts to present a statement of the broad considerations, why there should be a chapter on commodity arrangements in an international trade charter. It simply sets out the contributions also that international commodity arrangements can make towards the fulfilment of the purposes of the Charter.
CHAIRMAN: Are there any comments? Then that is adopted.

Now paragraph 2.

RAPPORTEUR: This paragraph contains the point made at the last meeting, that the Committee did not attempt to lay down procedures and methods for dealing with particular commodities, but merely attempted to draw up broad principles which might cover every type of circumstance.

CHAIRMAN: Paragraph 3?

RAPPORTEUR: Paragraph 3 is a short statement of the scope of the problems that are to be covered in this chapter. Here is the statement of the limitation to primary commodities and the paragraph contains the point made at the last meeting, that the Interim Drafting Committee might examine the use of the words "primary, agricultural, mineral, etc." throughout the chapter, with a view to obtaining uniformity and consistency in their use. We are simply asking the Drafting Committee to look at this question.

MR. MOSTIN (Belgium)(interpretation): Mr Chairman, yesterday the question of ministries was brought up, and I see that there is no mention of it in paragraph (c).

RAPPORTEUR: It is mentioned in another place.

CHAIRMAN: Paragraphs 4 and 5?

RAPPORTEUR: Paragraph 4 describes the objectives of inter-governmental commodity arrangements; and paragraph 5 goes on to elaborate them further. You will notice at the end of paragraph 5 that the question of fisheries is mentioned there. The point was made yesterday that the objective concerning the conservation of natural resources would need some clarification particularly with reference to its effect upon Fishery Conventions, and it is specifically stated that it is not intended that that objective should include arrangements regarding Fishery Conventions.

CHAIRMAN: There has not been an opportunity to consult the Norwegian Delegation on this wording, though I have every reason to believe that it would be satisfying to them. Perhaps the Committee would give me authority, if there is an opportunity, to speak to the Norwegian Delegation early tomorrow to insert an additional sentence, if they wish it, reporting their views. The sentence would, in any case, begin: "One Delegation thought that..."

Paragraph 6?
THE RAPPORTEUR: Paragraph 6 describes the procedure suggested for initiating intergovernmental commodity arrangements, and describes in particular the procedure for setting up study groups.

THE CHAIRMAN: Paragraph 7?

THE RAPPORTEUR: Paragraph 7 goes on to discuss the intention of the Committee regarding the development of an intergovernmental commodity arrangement, from the study group stage to the setting up of a Commodity Council; and in particular it brings out the intention of the Committee that the participation of countries should be an increasing one as you go from the study group up to the Commodity Council. You will recall that yesterday a point was made that there was some inconsistency between the requirements of Article 31 of the Charter and the extension of benefits under this chapter to non-Members, and at the end of the paragraph attention is drawn to this, and the Intergovernmental Drafting Committee is asked to look into this matter.

THE CHAIRMAN: Would the Committee accept a proposal for amendment from the Chair? I think perhaps the last sentence should read: "Attention was drawn to Article 31 paragraph 2 of the United States Draft Charter".

THE RAPPORTEUR: Oh yes.

THE CHAIRMAN: Paragraph 8?

THE RAPPORTEUR: Paragraph 8 describes the Committee's intention regarding the relationships between the I.T.O. and other competent specialised agencies in the field of commodity policy, and it describes the procedure for bringing those competent agencies into the consideration of commodity policies.

THE CHAIRMAN: Paragraph 9?

THE RAPPORTEUR: Paragraph 9 describes the general principles that were evolved in the Committee that should govern all intergovernmental commodity arrangements. This paragraph has in it the principles regarding voting arrangements, and a point was made at the last day's meeting on the question of providing an appropriate voice to countries that are either large producers or large consumers, and not necessarily large exporters or large importers, and secondly to countries that are both exporters and importers at the same time, and we are here asking the Drafting Committee to examine the text to see
whether the Committee's intention has been properly stated in the text.

Mr Worner (France) (interpretation): Mr Chairman, the present draft of Article 9 of the Report gives me the impression that the right of voting upon problems of substance seems to be reserved almost entirely to importer and exporter countries. I thought the intention of the Committee was to ensure proper representation of the right of voting to countries whose status is described under paragraph (a) of Article 9. I wonder if this could not be stated in a clearer manner.

The Chairman: The words in the subparagraph (a) here, I believe, are satisfactory to the French Delegation. It is the linking of them on terms of equality with the Indian suggestion which is reported in (b).

Mr Worner (France) (interpretation): It is rather the draft of the line beginning with the words "In regard to voting on substantive matters". My impression is that if the Drafting Committee were composed of people who had not been able to follow the discussions of this Committee, the Drafting Sub-Committee might not have given a strong enough right of voting to countries whose main interest was the provision and consumption of commodities when taking great part in international trade.

Mr de Vries (Netherlands): I think that the intention of the Drafting Committee was to give attention to the substance of the meaning of the French Delegate in the sixth line of this page, where it is said that it was the Committee's desire to provide appropriate voice to (a) and (b); and after that being said, it said something about equal voice of importers and exporters. If you put it in that last sentence, you break up the next line.

The Chairman: Would it make the point of view which is put forward if we were to add, after the words "should be equal" something like this: "giving, of course, appropriate voice to the classes of countries mentioned in (a) and (b) above"?

Mr Guerra (Cuba): If that is inserted in that place, we will have to change the wording in the following sentence, because we refer again to the question of equality of voice.

The Chairman: May we alter both "importers" and "exporters" to "all parties"?

Mr Hall (United Kingdom): I think we could get it if, instead of putting those words at the end of the sentence, we said that the Committee reached almost unanimous agreement, and then "without prejudice to the right of the countries referred to in the preceding sentence to appropriate voice" -- the voice of importers and exporters should be equal.
THE CHAIRMAN: Thank you very much. May we have it again at dictation speed?

SIR GERARD CLAUSON (UK): "without prejudice to the right of the countries referred to in the preceding sentence to an appropriate voice", and then as drafted.

THE CHAIRMAN: May we then accept paragraph 9 as amended? (Agreed.)

Paragraph 10, paragraph 11, paragraph 12.

THE REPORTEUR: Paragraph 12 describes the distinction that is drawn between regulatory agreements and agreements that are not regarded as regulatory, and sets out briefly that in the case of regulatory agreements they may only be adopted in certain well defined circumstances. The circumstances here are briefly described. There are two points that the Committee wish to draw attention to here. The first is that the term "unemployed" is used to include also the condition known as under-employment; and secondly it is agreed that in exceptional circumstances this chapter may be applicable to manufactured goods, and this provision has been included particularly to make it possible to deal with synthetic products in appropriate cases along with natural products.

MR DE VRIES (Netherlands): Mr Chairman, I have a small point, and I regret having to raise it, but it was drawn to our attention yesterday that we had changed at the request of one Delegation the definition in Article 15, paragraph 4. Now, it is not "production, trade or prices", but "production, export or import". Must we change that in the second line? It was not my idea but the idea of another Delegation to have "trade, export or import". As a matter of fact, I think it was the United Kingdom Delegation that suggested that.

THE CHAIRMAN: Is there any objection to altering the word "trade" to the words "export or import"? Is paragraph 12 accepted with that amendment? (Agreed.) Paragraph 13.
THE RAPPORTEUR: Paragraph 13 describes the method in which the problem of shortages may be dealt with under the proposed principles, and a reference is made at the end of the paragraph to the discussion that was held in the Committee on the last day on this matter, attention being directed to the verbatim proceedings of this Committee of the last day where certain interpretations were given of the principles regarding their application to the problem of shortages.

THE CHAIRMAN: I would like to suggest to the Committee that we are running a very small danger in referring to the verbatim report of a meeting not held in public and of which it is not intended to publish the records in a document which is intended to be public. I perhaps if we altered the phrase "the verbatim report of the eighth meeting of Committee IV" to "the Committee's discussion on this point," or some vague words of that sort, that would meet the point, because the Drafting Committee will, of course, be told which document that refers to, but it would be better not to excite curiosity by referring specially to a record which is not to be published. Any other comments on paragraph 13. Paragraph 14.

THE RAPPORTEUR: This describes very briefly the additional principles that are to govern regulatory agreements; and here I want to point out particularly the desire of certain delegations for further clarification of the term "reasonable prices," and the Interim Drafting Committee is asked to look at this matter further with a view to seeing whether there can be any further clarification. Also, at the end of the paragraph, the reservation of one delegation is stated on both the question of reasonable prices and less effective and economic sources of supply, both of which terms are used in the text of this Article.

THE CHAIRMAN: Paragraph 15.

THE RAPPORTEUR: Paragraph 15 deals with the constitution of the commodity councils and the method of voting and also the relationship of the commodity councils to the Organization. There is an additional point that is put in here, since the previous report, in the middle of the paragraph: "It was understood that regulatory agreements might if
desired provide for qualified majorities on specific matters." That
was put in just to make clear that there was no necessity, in every
case, for simple majority voting on a commodity council, but the precise
majority required on individual matters would be decided by each commodity
council.

MR CHANG (China): Mr Chairman, I would like to know the reason why "commodity
council" is put in brackets in the second line in the paragraph.

THE CHAIRMAN: The reason is that that first sentence states that each
regulatory agreement is to have a governing body, which is a general
description of the body that administers an agreement, and we put "commodity
council" in brackets to indicate that thereafter in the text we refer to
this body as a commodity council. It follows rather shortly the device
adopted in the text of the draft Charter. Are there any other comments
on paragraph 15? Paragraph 16.

SIR GERARD CLAIISON (UK): This does not quite correspond with the text as
we finally left it. This says: "They should be effective initially for not
more than five years." The way in which we finally left it was that they
should not at any time be in force for more than five years. I also think
they have stated the initial title of the article incorrectly. It is
Article 10.

THE CHAIRMAN: I do not think we need turn back to the title of Article 10,
but if the Drafting Committee think that we have done that wrongly we
can correct it. We might meet the point here by leaving out the word
"initially." May we cross out the word "initially" in the second line?

MR DE VRIES (Netherlands): On a reading of the report you might fall into
a misunderstanding, and therefore I suggest the words should be amended
to read, "They should be effective for not more than five years, subject
to renewal."

THE CHAIRMAN: May we add at the end of that sentence the words "subject to
renewal"? (Agreed). Paragraph 17.

THE RAPPORTEUR: Paragraph 17 describes the provisions adopted for the
settlement of disputes arising under intergovernmental commodity
arrangements and it states the Committee's wish that the procedure for
settlement of disputes should be the same as that adopted throughout the Charter, and reference is made there to Article 76 as revised, which was discussed at the last meeting. I would have a slight addition to suggest in the second last line: "The Committee therefore agreed that disputes arising out of intergovernmental agreements, not settled in the commodity council, should be subject to Article 76 as revised."

THE CHAIRMAN: May the Chair also suggest an amendment for clarification?

Where we refer to Article 76, I think we should say "of the United States draft Charter." Is paragraph 17 all right as amended? (Agreed). Paragraph 18.
THE RAPPORTEUR: Paragraph 18 describes the procedure for bringing existing commodity agreements or existing negotiations regarding commodity agreements in line with the general provisions of this chapter. At the end of this paragraph the reservation of one delegation is stated regarding the situation which arises when one country feels that it cannot comply with the decision of the Organisation on this matter. There is a typographical error in line 6: the word "continual" should be "continued".

THE CHAIRMAN: Paragraph 19? (After a pause:) Paragraph 20?

THE RAPPORTEUR: Paragraph 20, the third line, the word "applications" should be "application". Delete the "s" at the end.


THE RAPPORTEUR: Paragraph 21 deals with the matter of escape clauses and the Committee's decision regarding this question. It is also stated that there is a reservation of one delegation regarding the desirability to provide for a member country vitally interested to proceed on its own or by direct negotiation where a commodity conference fails to make a recommendation. There are one or two typographical errors in that paragraph. In the third last line of the paragraph it should be "permission for vitally interested members"; and in the second last line "where the commodity conference fails to make a recommendation", "a" should be inserted after "make".

THE CHAIRMAN: Paragraph 22.

THE RAPPORTEUR: In paragraph 22, the fourth line should be improved by changing the words "and append suggestions" to "and agreed-on suggestions". Then remove the word "thereon" following "suggestions" so as to read "and agreed-on suggestions for the consideration".

THE CHAIRMAN: Paragraph 23?

THE RAPPORTEUR: On 23 you will note the last two sentences refer to a reservation made by one delegation on the proposed resolution.

THE CHAIRMAN: Paragraph 24?

THE RAPPORTEUR: Improvement can be made there by changing the word "attached" to "appended".

THE CHAIRMAN: If there are no observations on paragraph 24, the Committee has already dealt with the sections referred to in that paragraph so I think we need not go through them now. We shall make arrangements...
to have the resolution circulated in addition separately for the convenience of the Plenary Sessions. I wonder if now the Committee would approve the Report and have it handed over to the Secretariat with latitude to the Executive Secretary to make any minor editorial changes necessary to bring it into line for publication as one of the constituent parts of the complete published report of this Preparatory Committee? (After a pause:—) Then nothing remains for me to do but to adjourn this Committee and to thank all the delegates very much for their forebearance with a somewhat flippant Chairman.

Professor DE VRIES (Netherlands): Mr Chairman, now that we have come to the end of the discussion in this Committee, it is a very great pleasure to me to thank you for the bright guidance you have given to all our meetings and all our work. We have had to remove a burdensome surplus of special difficulties on this matter of agreements; but when we read now the Report of the Committee, it struck me that nearly every paragraph begins with the words "It was agreed"—.

Mr Chairman, that is to a large extent the result of your work. We feel very obliged to you in that you have been so friendly and so kind in giving us a lead in this. In the second place, I have to thank the Secretariat for having worked so hard day and night to provide us every day again in the Drafting Committee and this Committee with all the papers. In the name of the Committee I have to apologize for causing them so often to have to work at night, because we tried to proceed so quickly, having meetings in the morning and afternoon; then going to sleep and letting the Secretariat work every night. Mr Chairman, I believe I speak in the name of the whole of the Committee when I say that we thank you and the Secretariat for the work you have done for us. (Applause.)

Mr. ADARKAR (India): May I endorse the views expressed by my friend from the Netherlands.

THE CHAIRMAN: I am extremely grateful to the Committee. Professor De Vries referred, I think, to the bright guidance that I had given. Any light that came from the Chair was entirely a reflection of the wisdom of the individual delegations, and I would like to add my bit to what has been said about the work of the Secretariat; because
I now let the Committee into the secret: they not only had to cope with all the work that was thrown on them inevitably by the work of the Committee, they had quite unnecessarily to put up with the bad temper of the Chairman when he got out of the Chair and said what he really thought about the delegates.

Mr GUERRA (Cuba): I would like to add a word as to the very good work done by our Rapporteur. Being appointed by the Chairman previously to the consent of the Committee, he has fulfilled the job to the entire satisfaction of the Committee. (Applause.)

THE CHAIRMAN: For the last time I use this hammer. The Committee is adjourned.

(The meeting rose at 6.9 p.m.)