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UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

CHAPTERS I (PURPOSES) AND II (MEMBERSHIP)

ANNOTATED AGENDA

Introduction

1. This agenda is to be read in conjunction with the Report of the Drafting Committee which is hereinafter referred to as "D.C. Report."
2. It incorporates the reservations and comments made by delegations and recorded in the D.C. Report and all proposals and other comments presented by delegations up to 1800 hours on Monday, 7 July, 1947. Underlining indicates additions to, square brackets deletions from the text of the D.C. Report.
3. This agenda contains the proposals and comments, except the proposal made by the United States Delegation to re-arrange the Draft Charter, which are contained in the following documents which have already been circulated:-

Belgian-Luxembourg Delegation	E/PC/T/W/176
South African Delegation	E/PC/T/W/234
United Kingdom Delegation	E/PC/T/W/235
United States Delegation	E/PC/T/W/236 and Corr.

Amendments, Comments and Suggestions

Article 1 -- General Purposes

Preamble and Sub-paragraph 1

1. The Belgian-Luxembourg Delegation proposes the following amendment to the preamble and paragraph 1:-

"1. In pursuance of the determination of the United Nations to create conditions of economic and social progress essential to world peace, the States party to this Charter hereby establish an International Trade Organization as an agency through which they will work for the fulfilment of the purposes set out hereunder: 1. To promote national and international action [(a)] designed to realize the objectives set forth in the Charter of the United Nations and particularly in Article 55(a) thereof, namely, higher standards of living, full employment, and conditions of economic and social progress and development.

2. For the furtherance of these purposes the Organization will seek:

[(b)] (a) [For] to promote the long term expansion of the production, exchange and consumption of goods, etc."

2. The South African Delegation proposes the following amendment of the preamble and sub-paragraph 1:-

"In pursuance of the determination of the United Nations to create conditions of economic and social progress essential to world peace, the States party to this Charter hereby establish an International Trade Organization through which they will work for the fulfilment of the purposes set out hereunder:

1. To promote national and international action:

(a) Designed to realize the objectives set forth in the Charter of the United Nations and particularly in Article 55(a) thereof, namely, higher standards of living, full employment, and conditions of economic and social progress and development;

(b) For the expansion of the production, exchange and consumption of goods, for the achievement and maintenance in all countries of high and steadily rising levels of effective demand and real income, for the development of the economic resources of the world, and for the reduction of tariffs and other trade barriers and the elimination of all forms of discriminatory treatment in international commerce;

(c) To avoid excessive fluctuations in world trade and contribute to a balanced and expanding world economy.

RECOGNIZING that in the pursuit of world peace the United Nations are determined to promote economic and social progress, and BEING DETERMINED in the field of trade, industry and social advancement to realize the objectives, set out in the Charter of the United Nations.

THE STATES party to the present Charter hereby establish an INTERNATIONAL TRADE ORGANISATION

For The Purpose of

Resolving economic and social problems by co-operation and Attaining higher standards of living, full employment and conditions conducive to economic and social progress and development, and,

To This End, of

Promoting national and international action, designed
1. to encourage and maintain in all countries higher and steadily expanding levels of production, exchange and consumption of goods, as well as of effective demand and real income;

2. to foster and ensure the development and economic use of the resources of the world,
3. to reduce tariffs and other barriers to trade and to eliminate all forms of discriminatory treatment in international commerce;
4. to obviate excessive fluctuations in world trade, thus contributing towards an expanding and balanced world economy;"

2. The United States Delegation proposes the following amendment to the preamble and sub-paragraph 1:

"In pursuance of the determination of the United Nations to create conditions of economic and social progress essential to world peace, the States party to this Charter hereby establish an International Trade Organisation through which they will work for the fulfilment of the purposes set out hereunder:

1.7

undertake to promote national and international action for the fulfilment of the following purposes:

(a) Designed to realize the objectives set forth in the Charter of the United Nations and particularly in Article 55(a) thereof, namely, higher standards of living, full employment, and conditions of economic and social progress and development;

(b) For the expansion of the production, exchange and consumption of goods, for the achievement and maintenance in all countries of high and steadily rising levels of effective demand and real income, for the development of the economic resources of the world, and for the reduction of

tariffs and other trade barriers and the elimination of all forms of discriminatory treatment in international commerce;

(c) To avoid excessive fluctuations in world trade and contribute to a balanced and expanding world economy.]

1. To raise standards of living, assure a large and steadily growing volume of real income and effective demand, and contribute to a balanced and expanding world economy, through measures designed to provide full employment and increase the production, exchange and consumption of goods.

2. To develop the economic resources of the world by encouraging the international flow of capital for productive investment and otherwise assisting the industrial and general economic development of all countries, particularly of those still in the early stages of industrial development.

Sub-Paragraph 2

1. The South African Delegation proposes the following amendment to sub-paragraph 2:-

"2.75. to further the enjoyment, on equal terms, by all Member Countries [on equal terms] of access to markets, of the world and to the products and productive facilities which are needed for their economic [prosperity and] development and prosperity."

2. The United States Delegation suggests the following amendment to sub-paragraph 2:-

"2.73. to further the enjoyment, by all [Member] countries, on equal terms, of access to the markets, products and productive facilities which are needed for their economic prosperity and development."

Sub-Paragraph 3

1. The South African Delegation proposes the following amendment to sub-paragraph 3:-

"[3.] 6. to encourage and assist in the industrial and general economic development of [Member countries] one another, particularly of those Member Countries who still are in the early stages of industrial development."

2. The United States Delegation proposes the deletion of this sub-paragraph and the insertion of the following sub-paragraph:-

"4. To reduce tariffs and other barriers to trade, to eliminate all forms of discriminatory treatment in international commerce, and to enable all countries, by thus increasing the opportunities for their trade on a mutually advantageous basis, to avoid recourse to measures which disrupt world commerce, reduce productive employment or retard economic development."

Sub-Paragraph 4

1. The South African Delegation proposes the following amendment to sub-paragraph 4:-

"[4.] 7. to encourage amongst Member Countries a fuller understanding of one another's problems and thus to facilitate, through consultation and co-operation, the solution of problems in the field of international trade, employment and economic development [through consultation and collaboration among Members] and, finally,"

2. The United States Delegation proposes the following amendment to this sub-paragraph:-

"[4.] 5. to facilitate the solution of problems [in the field of] relating to international trade, including problems of employment, [and] economic development, international investment, commercial policy, business practices and commodity policy through consultation and collaboration among Members."

Sub-Paragraph 5

1. The South African Delegation suggests the following amendment to sub-paragraph 5:-

"[5.] 8. to enable Member [s/Countries], by the increasing [the] opportunities [for/offered] to their trade and economic development on a mutually advantageous basis, to [avoid recourse to/abstain from] measures which would disrupt world [commerce/trade], reduce productive employment [or/and] retard economic progress."

2. The United States Delegation proposes that this sub-paragraph should be deleted but suggests that the following words should be added at the end of Article 1 in a new paragraph:-

"In order to effectuate these purposes, the States pledge themselves to accept the obligations that are set forth in this Charter and they hereby establish an International Trade Organisation through which Members will co-operate to this end."

Chapter II - Membership

Article 2

1. The United Kingdom Delegation proposes to substitute the following text for the present text of Article 2 :-

"1. The following shall be Members of the Organization :

(i) States represented at the United Nations Conference on Trade and Employment, whose Governments accept this Charter in accordance with Article 88 (2) or, if this Charter shall not have entered into force by 194.., agree to bring it into force in accordance with the proviso in Article 88 (4);

(ii) any State, Member of the United Nations, not represented at the United Nations Conference on Trade and Employment, whose Government accepts this Charter in accordance with Article 88 (2);

(iii) any State not a Member of the United Nations and not represented at the United Nations Conference on Trade and Employment, whose Government accepts this Charter in accordance with Article 88 (3) after its proposed Membership has been approved by the Organisation.

2. The following not being entitled to Membership under paragraph 1 of this Article, shall become an Associate :

(i) Any separate Customs territory invited to the United Nations Conference on Trade and Employment, upon notification by the competent Member to the Director General, provided that it has been declared by the competent Member to be autonomous in the conduct of its external commercial relations and the other matters provided for by this Charter, and that the competent Member has accepted this Charter on its behalf in accordance with the provisions of Article 88 (6);

- (ii) any separate Customs territory, not invited to the United Nations Conference on Trade and Employment, which is declared by the competent Member to be autonomous in the conduct of its external commercial relations and of other matters provided for by the Charter, and on behalf of which the competent Member has accepted this Charter in accordance with the provisions of Article 88 (6) after its admission as an Associate has been approved by the Organisation.
3. The Organisation shall determine the conditions on which
- (a) trust territories administered by the United Nations;
 - (b) the Free Territory of Trieste shall participate in the Organisation.
4. The rights and obligations of Associates shall be determined by the Organisation."

The United Kingdom Delegation makes the following comments on proposed amendment :

1. In recent discussions in the Chairman's (Heads of Delegations) Committee it has been recognised that there are certain separate customs territories possessing full autonomy in the conduct of their external commercial relations and the other matters provided for by this Charter. Such territories are Burma, Ceylon and Southern Rhodesia. The United Kingdom believes that it is highly desirable that such territories should undertake and implement the obligations of I.T.O., since ideally the International Trade Organisation should include all countries which participate appreciably in World Trade. Since they are self-governing in respect of these obligations, the metropolitan country having formal international responsibility for them cannot undertake the obligations on their behalf or secure their implementation. Although the metropolitan country acts as the channel through which their acceptance is deposited, the decision to accept the obligations and the power to implement them rests entirely with the Governments of the separate customs territories. The United Kingdom Delegation is therefore of the opinion that it is equitable, and indeed necessary, that they should be able to participate in the work of the Organisation whose obligations they have accepted.

2. The United Kingdom Delegation therefore proposes that such territories should be associates. This preserves a distinction in the Charter between independent sovereign states and territories which have not yet attained that status. In the opinion of the United Kingdom Delegation it would be for the Organisation when set up to determine the exact status of associates (see paragraph 4 of the proposed amendment).

3. Paragraph 1 of the proposed re-draft deals with independent sovereign states, under three categories:-

- (i) States invited to the World Conference which automatically become members under the procedure laid down in Article 88(4).
- (ii) States, Members of United Nations, which do not accept the invitation to the World Conference, but later decide to adhere to I.T.O. These can become members by depositing an instrument of acceptance in accordance with Article 88(2).
- (iii) States, not Members of the United Nations which, either because they did not accept or because they did not receive an invitation, did not attend the World Conference, but which later wish to adhere to I.T.O. This category of states have to obtain the approval of the Organisation before becoming members.

4. Paragraph 2 deals with separate customs territories not fully independent, but possessing full autonomy in the conduct of their external commercial relations and the other matters provided for by the Charter, in two categories:-

- (i) Those invited to the World Conference, which if they so desired, would automatically become members when the metropolitan state having international responsibility for them complied with the procedure laid down in Article 88(6).
- (ii) Those not invited to the World Conference which could only become associates after the Organisation had approved their application.

5. The United Kingdom Delegation considers that it will be necessary to make special provision not only for trust territories administered by the United Nations but also for the Free Territory of Trieste when the Trieste Statute enters into force.

6. The references to Article 88 in this note are to the amended version of that Article proposed by the United Kingdom Delegation (see E/PC/T/W/202).

3. The United States Delegation suggests that the word "countries" in paragraphs 1 and 2 should be changed to "States" to conform with the provisions of the United Nations Charter, with

the constitutions of most other specialized agencies and with Article 1.

4. The United States Delegation suggests that the following words should be added to the end of paragraph 2:- "and any amendment thereto which shall have become effective as of the time of such acceptance."

5. The United States Delegation comments upon its amendment to paragraph 2 that although Article 85 contemplates the possibility that Members may fail to accept all amendments and still remain within the Organisation, it does not seem desirable to permit new Members to pick and choose the amendments which they will accept.