

EXECUTIVE COMMITTEE

Second Session

REPORT OF SUB-COMMITTEE 2 ON ECONOMIC
DEVELOPMENT AND RECONSTRUCTION

as amended by the Executive Committee
at its meeting on 15 September 1948

(1) The Sub-Committee examined the Interim Report prepared by the Secretariat (ICITO/EC.2/7 and ICITO/EC.2/7/Add.1, 2 and 3) and Annexes listed therein*. In view of the scope of the Havana Resolution and the very short time available for consideration and discussion at the Second Session the Sub-Committee considered that it was not possible at this session for the Executive Committee to prepare the report or to formulate recommendations for the First Conference of the ITO. It was agreed that there should be time for Members of the Executive Committee to consider further the documents that had been prepared and that the Secretariat should pursue further studies. Members would then have an opportunity at the Third Session of the Executive Committee to submit for consideration specific proposals relating to the Resolution. It would then be possible to prepare the report to the Conference. This document therefore should be regarded as a brief record of the discussions at this session and of certain tentative conclusions which should be considered by Members before the next session.

I Survey of Existing Activities and Facilities

(2) The Sub-Committee considered existing activities and facilities under four headings -

- (a) United Nations and Specialized Agencies.
- (b) Inter-governmental organizations other than the United Nations and Specialized Agencies.
- (c) Governments.
- (d) Private organizations.

(3) The Sub-Committee took note of the material submitted by the Secretariat as listed in the appendix which seemed adequately to summarize the available information in so far as the United Nations and the Specialized Agencies were concerned.

* A list of the documents presented by the Secretariat is contained in the Appendix to this Report.

(4) With regard to inter-governmental organizations other than United Nations agencies the Sub-Committee noted that documents had been supplied with regard to inter-American organizations, the Caribbean Commission and the Arab League.

(5) With regard to facilities provided by governments and private organizations the Sub-Committee took note of the preliminary indications given by the Secretariat and the considerable lack of information on this subject.

(6) The Sub-Committee wished to draw particular attention to the following conclusion of the Sub-Commission on Economic Development:

"The Sub-Commission's survey of the existing facilities has revealed that there are several important fields of economic development activity in which additional assistance should be given, if requested, such as in the fields of manufacturing industries, mining and metallurgy, power development and public utilities, road and other inland transport, public works and building activity and mechanical and civil engineering. The Sub-Commission is of the opinion that every effort should be made to make available, especially to under-developed countries, technical assistance in these fields as well."

(7) The Sub-Committee was of the opinion that it was most important that activities should be vigorously undertaken in these fields. The need for activities in the industrial field both to complement and to support those of the FAO in the fields of agriculture, forestry and fisheries was stressed by the FAO observer and endorsed by the Sub-Committee. The Sub-Committee noted that both the Economic Commission for Europe and the Economic Commission for Asia and the Far East had set up subsidiary bodies concerned with industrial development.

II Activities of ITO

(8) The Sub-Committee desired, in the first place, to lay emphasis on the fact that the Havana Charter required the ITO to take a comprehensive interest in economic development and reconstruction. This had to be weighed against the fact that similar broad responsibilities were laid upon other organs of the United Nations, such as the Economic and Social Council, and that significant work was already being undertaken by the United Nations and Specialized Agencies in this field. Given the limitation of the resources of the United Nations and other inter-governmental organizations the Sub-Committee deemed it essential to ensure that the coming into existence of the ITO did not result in any duplication but in a net addition to the sum total of activities. The Sub-Committee was, therefore, of the opinion that the ITO should not undertake any activities which are being carried out by the United Nations or other inter-governmental organizations, unless after consultation and careful consideration it seemed appropriate both to the ITO and to the other organization concerned that the particular activity should be undertaken by the ITO.

(9) It was agreed that the ITO should not allocate rigidly to itself a particular field but that it should pay initial attention to the gap in the industrial field indicated in paragraph (6) above.

(10) Although the activities of the ITO can be finally determined only in the light of experience the Sub-Committee considered it useful, even at this stage, to form a preliminary idea of the nature of such activities in order to indicate the probable magnitude of the task, to enable preliminary consultations with other agencies to be carried out on a more realistic basis, to provide an assurance to countries interested that the Executive Committee was fully conscious of the responsibilities of the ITO to carry out certain positive functions and to make possible recommendations on the further activities of the Interim Commission.

(11) The Sub-Committee considered that special consideration should be given -

- (a) to the provision of technical and other assistance or advice to Members, with due regard to the provisions of the Havana Charter, and
- (b) in the broader field of encouragement to development, to the undertaking of studies and to the making of recommendations regarding the movement between countries of facilities for economic development.

(12) In the light of the foregoing and subject to its view expressed in Section IV below regarding relations with other agencies the Sub-Committee reached the following tentative conclusions regarding particular activities of the ITO.

(13) The ITO must be prepared in the first place to carry out its principal function under paragraph 2 of Article 10. This may include despatch, on request, of missions of experts or individual experts to particular countries. The ITO should also be able to aid requesting governments to obtain appropriate technical assistance. The experts whom the ITO may send to particular countries could either be officials of the ITO or specialists engaged for the purpose. The action of the ITO will vary according to the type of request received. In some cases the ITO will take action itself while in others it may direct the requesting government to other sources of assistance. For this purpose the ITO will have to equip itself with such staff and advisers as will enable it to be thoroughly familiar with the needs and problems of less-developed countries and with public and private sources of technical assistance in order, inter alia, to be able competently to advise on the quality of assistance available.

(14) In undertaking the work referred to in the preceding paragraph the ITO will clearly have to possess extensive information with regard to sources, terms, forms and quality of technical assistance. It may prove desirable to assemble information as regards sources in the form of a register of relevant public and private entities, more especially of consulting engineers and industrial consultants. The Sub-Committee felt that the matter required further consideration at the next session of the Executive Committee (see Section V).

(15) The Sub-Committee considered that the ITO should take an active part in promoting technical fellowships and other forms of assistance designed to enable less-developed countries to augment their force of technical personnel. It should also study under Article 72, paragraph 1(c)(iv) ways and means of promoting agreements for the setting up of establishments for technical training. Some delegates thought that it might prove necessary for the ITO itself to grant fellowships as a part of its general programme of technical assistance. The Sub-Committee however considered that the matter needed further study.

(16) In connection with the general responsibility of the ITO for the promotion of economic development and reconstruction and the specific provisions of paragraph 3 of Article 10 and of Article 11 the ITO has been authorised to take appropriate action, (including the making of recommendations to Member Governments) towards facilitating the movement between countries of capital funds, materials, modern equipment and technology and technical and managerial skills. The Sub-Committee did not have the opportunity to consider the full implications of this huge task. However, on a preliminary consideration of the matter the Sub-Committee considered that in order to be able to perform this task effectively it would be desirable for the ITO to have at its disposal various studies whether made by itself or by other agencies especially on the following general subjects.

- (a) world production, requirements and trade, including plans and trends, for selected materials and manufactured products with a view to assisting governments in making their plans for new industries and general economic development and in assessing their prospects;
- (b) obstacles to the movement between countries of facilities for economic development, including investment, and the means by which the obstacles could be overcome;
- (c) the extent to which early action could be taken to promote more equitable distribution of materials and equipment necessary for economic development and reconstruction.

(17) The Sub-Committee noted that the United Nations Secretariat is in the course of making studies regarding the price relationship between capital goods and primary commodities. The Sub-Committee considered these studies, though less wide in scope than the task placed upon ITO in paragraph 1(d) of Article 72 of the Charter, to be important for economic development and reconstruction.

(18) It was not possible however during the course of this session to consider how ITO in its early stage could best, in collaboration with the United Nations and other inter-governmental organisations, perform the task envisaged in paragraph 1(d) of Article 72. In Section V it is suggested that more information might be available at the next session of the Executive Committee.

III Structure and Finance of the ITO

(19) The Sub-Committee considered it essential that the ITO should have a strong and competent staff selected with due regard to the provisions of paragraph 2 of Article 85 and with specific responsibilities in this field. It would also be necessary to have a panel of part-time consultants whose services could be sought in connection with the decisions of the Organisation.

(20) The Sub-Committee was of the opinion that the first annual Conference should consider the appointment of an Economic Development Commission in accordance with the provisions of Article 82 to assist the Organisation in carrying out its positive functions.

(21) The Sub-Committee recommended that the attention of the Interim Commission be drawn to the need for providing funds to enable the Organisation to start at an early date with its activities of assistance for economic development and reconstruction. No concrete recommendations could be made at this stage.

IV Working Relations of ITO with other Agencies

(22) The Sub-Committee was of the view that it was essential that there should be close coordination and cooperation between the ITO and the other agencies concerned in carrying out the particular activities listed in Section II and that appropriate working arrangements should be established to this end. While the ITO would of course maintain direct relations with each of the agencies concerned the Sub-Committee recognised that many matters might have to be considered jointly by several agencies. In view of its general interest in economic development it would be necessary for the ITO to make suitable arrangements to keep itself continuously informed of the activities of other agencies. In this connection the Sub-Committee took note of the existence of the Administrative Committee on Coordination, which at present provides a framework for consultations between the United Nations and the Specialised Agencies.

(23) The Sub-Committee took note of the preparation undertaken by UNESCO of a "World Handbook of Scholarships, Fellowships and other Forms of Assistance Available to Persons in Countries Other than Their Own" and of the arrangements undertaken by that and other agencies for the dissemination of published scientific and technical information and for promotion of scientific research. In view of the importance of these matters to economic development the Sub-Committee recommended that the ITO should collaborate with these agencies which have assumed responsibility in these fields.

V Further Activities of the Interim Commission

(24) The Sub-Committee recommended that the Executive Committee ask the Secretariat to provide for its next session information as to activities of the United Nations and Specialised Agencies which have developed since the completion of the Survey prepared by the United Nations Secretariat for the Second Session of the Sub-Commission on Economic Development. The Sub-Committee noted that at its Second Session the Sub-Commission on Economic Development had requested the Secretariat of the United Nations to prepare for its next session an analytical study of the assistance rendered for the promotion of economic development by the United Nations and Specialised Agencies. Therefore in order to avoid duplicating enquiries from the various agencies this might form the basis of the report submitted to the next session of the Executive Committee. The Sub-Committee also recommended that full information should be presented at the next session as to the activities in the field of economic development and reconstruction of the regional commissions of the Economic and Social Council.

(25) The Sub-Committee suggested that in the interval between the sessions Governments Members of the Interim Commission should submit whatever information they could supply relating to the availability to other countries of facilities for technical surveys or studies from private or other sources, as described in paragraph 1(ii) of the Havana Resolution in order that this material might be considered at the next session of the Executive Committee in relation to paragraph 14 of this report.

(26) The Sub-Committee recommended that the Secretariat should provide for the next session of the Executive Committee any additional information that may be available in relation to the particular activities listed in Section II. The Secretariat should also consult with other agencies concerned as to the practical working arrangements necessary for carrying out these activities in such collaboration with them as may be appropriate. The Secretariat should in particular supply information with regard to any such activities being carried on currently by other agencies, for example, studies of the Secretariat of the United Nations concerning factors affecting international movements of capital and concerning the prices of capital goods and primary commodities and factors affecting the availability of capital goods for export to underdeveloped countries.

APPENDIX

LIST OF DOCUMENTS PRESENTED
BY THE SECRETARIAT

The Interim Report of the Secretariat itself is ICITO/EC.2/7 dated 16 July 1948 and contains Annexes F, H, K, L, M and N. Annexes A, B, C, D, E, G and J were issued separately at the same time as ICITO/EC.2/7. On 20 August ICITO/EC.2/7/Add.1 was issued indicating the distribution of Annex O. On 23 August the supplement to the Interim Report (ICITO/EC.2/7/Add.2) was issued together with Annex P. On 4 September ICITO/EC.2/7/Add.3 was issued indicating the distribution of Annex Q.

The following is a list of all the Annexes:

- Annex A: Report of the First Session of the Sub-Commission on Economic Development (E/CN.1/47)
- Annex B: Report of the Third Session of the Economic and Employment Commission (E/790)
- Annex C: A Survey of the Technical Assistance available for Economic Development in the United Nations and the Specialised Agencies (E/CN.1/Sub.3/22 and E/CN.1/Sub.3/22/Corr.1).
- Annex D: Technical Assistance rendered to Venezuela by the United Nations (E/CN.1/Sub.3/W.4)
- Annex E: Summary Records of the Second Session of the Sub-Commission on Economic Development (E/CN.1/Sub.3/SR.27 to 48 inclusive)
- Annex F: Note by the Secretariat on Technical Assistance Provided by UNRRA.
- Annex G: Report of the Second Session of the Sub-Commission on Economic Development (E/CN.1/61)
- Annex H: Note by the Secretariat on the Activities of the International Bank for Reconstruction and Development.
- Annex J: Report and Recommendations by the Secretariat of the Economic Commission for Asia and the Far East on training of technical personnel in the economic field and the use of expert assistance by governments (E/CN.11/83).
- Annex K: Resolutions on Economic Development and Technical Assistance adopted at the third session of the Economic Commission for Europe (30 April to 8 May) and the Economic Commission for Asia and the Far East (1 to 12 June) and at the first session of the Economic Commission for Latin America (7 to 25 June 1948).

- Annex L: Note by the Secretariat regarding the special functions of the United Nations with regard to the economic development of trust and other non-self-governing territories.
- Annex M: Note regarding inter-American organisations.
- Annex N: Note regarding The Caribbean Commission.
- Annex O: Economic Commission for Europe - Ad hoc Committee on Industrial Development and Trade - Potentialities for Increased Trade and Accelerated Industrial Development in Europe (E/ECE/ID/2).
- Annex P: Letter from United Nations Educational, Scientific and Cultural Organisation to Member Governments on "World Handbook of Scholarships, Fellowships and other Forms of Assistance Available to Persons in Countries Other than Their Own".
- Annex Q: Statement by Dr. El Tananly, Representative of the Arab League, on "The League of Arab States and the Economic Development of the Middle East" made to a meeting of the Ad hoc Committee on Proposed Economic Commission for the Middle East on May 12, 1948 - (E/AC.26/15).