

EMERGENCY SESSION OF THE EXECUTIVE
COMMITTEE

First meeting held in Hotel Verdun,
Annecy, on 5 July 1949 at 3 p.m.

Chairman: Hon. L.D. WILGRESS (Canada)

Subject discussed: Future programme of the Interim Commission
(Memorandum by the Executive Secretary)
ICITO/1/16

The CHAIRMAN opened the meeting with a resume of the memorandum by the Executive Secretary. He requested a general discussion on this memorandum and a consideration of objectives for the Secretariat and the Interim Commission itself. He did not anticipate that any conclusions could be reached in one meeting but thought that a general discussion now would make it possible for delegations to take into consideration the various views expressed and to make a decision at a meeting later in the month. He emphasized the importance of the meeting, as the whole future of the work that had been carried on throughout the Preparatory Committee and Havana Conference was at stake.

Mr. RODRIGUES (Brazil) requested a further explanation regarding the programme of economic development set out on page 4. Although he was aware of the difficulties for the Secretariat in accomplishing much more, he pointed out that the Havana resolution relating to economic development and reconstruction gave the Interim Commission a very definite task to do and one that was considered very important by the under-developed countries.

He wished to know exactly what the difficulties were in the way of taking further action on their resolution. He pointed out that President Truman's Fourth Point, while considered of great importance by the under-developed countries, consisted only of unilateral action.

The CHAIRMAN reminded the Committee of the work of the Sub-Committee on Economic Development at the last session of the Executive Committee and of the report on economic development that was to be included in the Final Report of the First Conference. He pointed out that since that time the Fourth Point had been conceived by President Truman and the Economic and Social Council was now taking up the whole question of economic development in a very active manner. The problem was therefore being dealt with by the United Nations and various related agencies and it had seemed to the Executive Secretary that there was little more his Secretariat could accomplish in this field and that it was very important not to overlap with other organizations. Perhaps the Brazilian delegate would indicate the direction in which he thought the Secretariat could best operate to complement the work in hand elsewhere.

The EXECUTIVE SECRETARY said that in his opinion events had overtaken the recommendation of the Havana resolution. As a result of President Truman's Fourth Point the Secretary-General of the United Nations, together with the Heads of the various agencies, had presented a comprehensive report on the problems of economic development and suggested possible solutions; a report far surpassing anything that the limited Secretariat of the Interim Commission would be able to do in dealing with that part of the

resolution which calls for an analysis of international action in the field. With regard to the other aspects of the resolution, the Secretariat had, in its report to the Second Session of the Executive Committee, made some suggestions which, as he understood it, had been approved and were to be passed on to the Conference for further study and approval. He understood that the Executive Committee had also accepted the idea that the International Trade Organization's contribution should be a net addition to the work being done in this field rather than a substitution. He attached great importance to this idea and thought it would be most unfortunate if the Interim Commission were to discourage other organizations from embarking on a possibly long-term and important programme in the field of economic development by now claiming for future jurisdiction over some portion of it. In the proposed report of the Interim Commission the Conference was recommended to do two things: firstly, to appropriate a limited amount of money for the first year of operations and secondly, for the Executive Board to establish immediately a standing committee on economic development to survey the existing situation and to examine in what matters the Organization could most effectively play a part. This would make it possible for the Executive Board to present a programme of economic development to the Conference at its Second Session for putting into operation in the second year of the International Trade Organization. While this might not be the most advantageous procedure with regard to the future jurisdiction of the International Trade Organization, it seemed to him that the question of jurisdiction was of secondary importance as compared with the need for furthering work in the whole field of economic development and giving all possible assistance to other organizations able to take action now. The Interim Commission should not embark on a programme or on studies that would give the impression of attempting to reserve

a part of the field for the International Trade Organization.

Mr. POLITIS (Greece) agreed with the Executive Secretary and with his memorandum. He proposed that the Secretariat also prepare a report on the difficulties which had arisen owing to non-ratification of the Charter to be sent to all governments and the Press in order that both governments and the public should be aware of the inconvenience and dangers of the present situation.

Mr. RODRIGUES (Brazil) thanked the Chairman and Executive Secretary for their statements regarding economic development. He reminded the members that the economic development provisions of the Charter represented for the under-developed countries an important counterpart to their obligations under the Charter. They were essential to the balance of the Charter. Therefore, much importance was attached to this resolution by those countries in spite of the possibility of overlapping work with other agencies. He did not consider that overlapping presented a real difficulty, as research work on economic development would later be one of the essential functions of the Organization. He requested that the Executive Secretary's statement be made known to the other members of the Interim Commission in order that they should be aware of the reasons for the limitations on this work and also that they should have a most complete explanation of the action taken by other United Nations bodies and by the United States Government.

Mr. PHILIP (France) said that although he would only be able to give a definite reply in a few days, he wished to make a few comments now on the Executive Secretary's paper:

1. The September meeting should certainly be postponed, at least until next spring.

2. The Secretariat should continue and he thought that the question was not one of providing work for the Secretariat but of defining such work within the limitations set by the terms of reference and the budget. There were, in his opinion, four large questions to be dealt with:

(a) the question of economic development raised by the delegate of Brazil; he agreed with the Executive Secretary that the Interim Commission should not overlap with other agencies and thought that the work was appropriately defined in the resolution as examination and much important preparatory work could be done in order that the First Conference should be able to make recommendations and take appropriate action.

(b) commodity policy; it was very important that governments should put Chapter 6 into provisional application as otherwise agreements and organizations would be created which were not in accordance with the spirit of the Charter and in some case might even be contrary to it.

(c) the operation of the General Agreement; he considered that it had become apparent at this session that the CONTRACTING PARTIES could accomplish their work more rapidly and in some cases arrive at decisions that were now impossible, if the Secretariat were empowered to proceed with studies regarding the application of certain articles prior to the sessions themselves.

(d) there was another question which, although perhaps less urgent; he considered the most important of all. It seemed to him that the atmosphere had changed since the Havana meeting. At that time there was the general feeling that countries were tending fairly rapidly towards a general

lowering of trade barriers. However, at this meeting, there had been a number of requests for the maintenance or imposition of restrictions. He believed that these difficulties were still due to the adjustments consequent upon the circumstances of the post war world and that they would be temporary. However, if these phenomena of temporary disequilibrium were to continue, it would become apparent that they were symptoms of a general disequilibrium as foreseen in Articles 4 and 21 (6) of the Charter and Article XII (5) of the General Agreement and that they should be dealt with on an international plane. He considered that it would be disastrous to deal with such problems one by one as they arose or to leave individual countries to deal with them. The result would only be deterioration of the general economic situation. The Secretariat should keep abreast of all these happenings so that necessary action could be initiated under the appropriate provision of the General Agreement.

Mr. PETIJJN (Netherlands) also said that he was unable to give the formal position of his Government regarding the proposals in the Executive Secretary's memorandum. He considered that the problem of economic development and the question of provisional application of Chapter 6 were the most important questions. He agreed that meetings of the CONTRACTING PARTIES were somewhat unsatisfactory as much time had to be devoted to fact finding which was more appropriately the work of the Secretariat and he would be glad to support formal instructions to the Secretariat giving them broader responsibilities. He also agreed that something must be done with regard to commodity arrangements. With regard to the

economic development, he accepted the explanation of the Executive Secretary and hoped that the Secretariat would follow closely the situation as there might come a time when these activities would have to be taken up by ITO on a more technical level.

Mr. HEWITT (Australia) wished to clarify the situation with regard to the work of the Executive Committee at the Second Session concerning economic development. The Havana resolution had been adopted in order to ensure that a decision would be taken at the first conference for undertaking work in this field. The report of the Second Session clearly stated that there was no intention of submitting it as the report of the Interim Commission to the first conference and that it in no way satisfied the scope of the resolution. The Executive Committee had then decided that a report be prepared at the Third Session of the Executive Committee in the light of consideration by members of the Committee and a further study on the part of the Secretariat. It had also been considered that a report would only be of use to the conference if it were prepared nearer to the actual time of the conference, when it would be more up to date. He agreed that the suggestions on economic development in the Executive Secretary's memorandum be carried out together with the decision by the Executive Secretary on the report of the sub-committee of the Second Session on economic development.

Mr. LEWIS (United States) said that he was glad that the Executive Secretary's memorandum did not contemplate any significant broadening of the functions of the Interim Commission. His Government was anxious that these functions should be confined to administrative matters and not extended to substantive matters within the scope of the Charter itself. He agreed that the date of the

Third Session should be postponed and with the suggestion regarding economic development. With regard to Commodity Policy, he considered it inadvisable for the Interim Commission to take the initiative in this matter although it might be possible for the Economic and Social Council to do so. He thought it was appropriate for the Secretariat to take action as suggested in paragraph 4 of the Memorandum. He considered that in the field of general commercial policy there was an important work for the Secretariat and agreed with Mr. Philip that considerable work could be done under paragraph 2 (a) of the Memorandum. His delegation would like to have a report in connection with Article XIV (1) (d) and also a study undertaken with respect to Article XII (5).

Dr. AUGENTHALER (Czechoslovakia) considered that the most definite question to be settled was the procedure regarding the date of 30 September and the other dates under Article 103 (3) 71 (a) and 23 (1) (g). Something was necessary in order to put this matter in order and the Committee had no right to alter the obligation upon the Secretary-General of the United Nations. He suggested that the signatories of the Final Act might have a brief meeting prior to the General Assembly at which they would sign a protocol altering these dates. The members of the Interim Commission should also have a brief meeting at the same time to decide whether the terms of reference of the Interim Commission should be extended. With regard to economic development, he suggested that the Interim Commission decide which field it should take up after the Economic and Social Council had taken some decision regarding the Secretary-General's Report.

The EXECUTIVE SECRETARY replied that after the informal meeting of the representatives of the Executive Committee present

in Annecy he had looked into the question of the Charter dates and had consulted with members of the Legal Department of the United Nations. This consultation had resulted in a decision that it was unnecessary to embark on the cumbersome procedure of amending Article 103. The Article does not call for a meeting but for the Secretary-General to invite consultation among those governments which have deposited instruments of acceptance, and there is no obligation upon governments to consult. With regard to Article 71, which defines the original members of the Organization, it also had seemed to him that it would be more appropriate for the first Conference to agree upon a new formula for a definition of original membership. Concerning Article 23 (1) (g), again the Conference would find itself in a position where it was impossible to comply with the date set in the Charter and the Conference itself should decide upon the nearest date possible. The legal position was that if it was impossible, owing to force majeure to fulfil an obligation, then the obligation was no longer binding. He further explained that his memorandum was based upon action which could be taken within the existing terms of reference and in view of the complete delegation of powers by the Interim Commission to the Executive Committee, action could be taken by the latter without reference to the Interim Commission as a whole.

Mr. de ALBA (Mexico) agreed with the suggestion that the date of the September meeting should be postponed. He considered that the Interim Commission had an honourable role in stimulating ratification of the Charter by all possible means as suggested by Mr. Politis. He did not regret that the establishment of the Organization had been delayed as the present economic situation was completely abnormal and consequently the Organization could not, at

present, fulfil its intended role. He thought that the work of the Interim Commission itself should be very limited.

Mr. SHACKLE (United Kingdom) stated that he would present only general views as he had no instructions. Certainly, the Third Session should be postponed, and he agreed with the Executive Secretary that the mechanism of postponing the meeting could be a simple one. Perhaps there should be a further meeting of the Executive Committee in order to consider the important question of Commodity Policy. He agreed in general with Mr. Philip and Mr. Patijn and particularly welcomed Mr. Philip's remark on Commodity Policy. There was a serious risk if the Chapter were not put into effect that agreement might be made contrary to the Charter and he strongly agreed with the suggestion of Sir James Helmore that means should be found for putting it into force on a provisional basis. He thought that the initiative must come from the Interim Commission as they were the only legatees of the Havana Conference and he disagreed with the suggestion of the United States delegate regarding the Economic and Social Council as experience had shown that there was little hope of achieving practical results quickly through the Council. He stressed that this was a matter to be taken up at once and he hoped that there would be a detailed exchange of views at the present meeting. He agreed with Mr. Philip that the Secretariat should take a more active role for the Contracting Parties and thought that the details of paragraph 2 (a-d) would more appropriately be decided by the CONTRACTING PARTIES themselves. Finally, he agreed that the Secretariat should keep abreast of developments as suggested in paragraph 4. With regard to the suggestion of Mr. Politis, he was doubtful if this was the best way of handling the matter. It was perhaps preferable that the delegations

present at Annecy should explain to their own governments the unsatisfactoriness of the present situation.

The CHAIRMAN proposed that the meeting be continued the following day as he considered it useful to have full discussion even though it were not possible to reach definite decisions. He said that the Vice-President, Mr. Philip, would take the chair.

The meeting adjourned at 5.45 p.m.