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ORIGINAL: ENGLISH

DRAFTING COMMITTEE OF THE PREPARATORY COMMITTEE  
OF THE UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

SUMMARY RECORD OF THE TWENTY-FOURTH MEETING

Held at Lake Success, on 17 February 1947 at 10:30 a.m.

Chairman: M.E. Erik COLBAN

1. Corrections

The Delegate for South Africa requested the following correction in document E/PC/T/C.6/84 on page 3 under Article 16, third paragraph: substitute the following words for paragraph 3:

"Page 14, text 16:5. The Delegate for the Union of South Africa stated that the Sub-Committee had expressed the view that the preferential rail rates granted in South Africa were compatible with the Draft Charter if these products did not compete with imported products. He agreed that this conclusion need not be included in the report of the Drafting Committee".

2. Second Reading of Articles 82 to 89, inc.

The Committee agreed on the text of Articles 82 to 87 in the formulation of E/PC/T/C.6/80 in second reading. The Chairman explained that he had been misunderstood regarding the heading of Article 87 and that the original heading of the London draft "payment of contributions" should be restated in lieu of "miscellaneous provisions". The Delegate for Cuba suggested to use as heading merely the word "Contributions" and this suggestion was referred to the Legal Drafting Sub-Committee. With regard to Article 89, the Committee agreed to insert in the second line of paragraph 1 between the words "Article 35" and "any Member" the words "and paragraph 2

/of Article

of Article 85", and to insert between the words "self-governing" and "in their respect" in the fourth line, the words "at the time".

3. Consideration of the Report of the Economic and Employment Commission (document E/255)

In view of the recommendation of the Committee with regard to the "Resolution regarding industrial development submitted by the Preparatory Commission" (E/255), pages 14, 15 and 16, Item D), the Chairman suggested to retain paragraph 3 of Article 11. The Delegate for the United States suggested to have an asterisk and a footnote which would refer to the report of the Economic and Employment Commission. The Chairman preferred to leave paragraph 3 of Article 11 in square brackets with a reference to the Economic and Employment Commission's report in the commentary to Article 11.

The Delegate for Belgium pointed out the importance of the chapter on employment and economic stability of the Report of the Economic and Employment Commission for the future work of the International Trade Organization.

The situation would in principle be the same as that existing in matters relating to economic development. The Sub-Committee set up by the Economic and Employment Commission would surely deal with the general aspects of the problem involved and their co-ordination. Specialized agencies would be left to deal with particular problems falling within their scope. Practical arrangements to avoid overlapping (notably as to commodity arrangements) can be left until the sub-committee on employment and economic stability and the International Trade Organization start their work.

One point should, however, be given immediate consideration. The Secretariat of the Economic and Employment Commission is to examine methods of presenting the multilateral aspects of balance of payments problems (document E/255, page 9). This is of immediate practical importance as he understands this work has started or will start very soon.

/The multilateral

The multilateral aspects of world trade (and the payments deriving therefrom) are so complex that they are difficult to grasp as a whole. On the other hand, inappropriate action to re-establish equilibrium in balance of payments would reduce international trade, much more than necessary. The technical methods presented by the Economic and Employment Commission (see document E/255) permit to select the different possible alternatives, taking into account the network of international relations as a whole and not only the situation of a single country in relation to other countries. They will, therefore, be indispensable to permit the application of the very complex provisions of Articles 26, 27 and 28 of the Charter in the best possible manner.

The Delegate for Belgium, therefore, proposes that the Secretariat of the Preparatory Committee should keep in contact with the Secretariat of the Economic and Employment Commission so as to be able to report at the Geneva session any progress made in this matter. This was agreed upon.

The CHAIRMAN suggested that all Members of the Drafting Committee should keep in touch with their Governments regarding the continued work of the Economic and Employment Commission and its Sub-Committees and instructed the Secretary to follow these developments and to report to the Second Session in Geneva on the developments in this respect.

#### 4. Technical Sub-Committee Report

The Delegate for Canada suggested the following wording of paragraph 5 of Article 20:

"Members agree to work in co-operation through the Organization toward the gradual elimination of unnecessary marking-of-origin requirements. The Organization is authorized to investigate and recommend to Members measures directed to this end including the adoption of schedules of general categories of products which shall not in any case be required to be marked to indicate their /origin.

origin. With a view to furthering this work, the Organization is authorized to investigate and recommend to Members descriptions of categories of products in respect of which marking requirements operate to restrict trade in a degree disproportionate to any proper purpose to be served."

The Delegate for Czechoslovakia requested the change of the word "gradual" in the second line of the United States working paper on Article 20, paragraph 5 to the phrase: "as early as possible". The CHAIRMAN suggested the substitution of the word "early" for "gradual" and the Delegate for Czechoslovakia approved this formulation. The Committee agreed to adopt the Canadian formula, merely changing the wording "gradual" in the first sentence to "early". This new text is to replace the several alternatives for this text in the Technical Sub-Committee Report in document E/TC/T/C.6/55/Rev.1.

5. Consideration of the Second Report of the Administrative Sub-Committee. (Document E/TC/T/C.6/78).

In opening the discussion on Article 1 in the formulation of this document, Dr. ALAMILLA as the Chairman of the Administrative Sub-Committee, referred to Australia's motion to change the phrase: "of high levels of productive employment" to "of full and productive employment and high levels of effective demand ...".

The Delegate for Australia explained that the wording "full and productive employment" had been employed in Article 4 of the Charter and that it was only logical to use the same wording in Article 1 and the Delegate for New Zealand seconded the Australian motion.

/A discussion

A discussion on the merits of the phrases "full and productive employment" on the one hand, and "high levels of productive employment" on the other hand, ensued, in which the Delegate for the United States pointed out that full employment was a controversial phrase and that two different terms had been employed, one full and productive employment in Article 4, the other, "avoidance of unemployment or under-employment" in Article 3, paragraph 1, and that, consequently, the clause drafted by the Sub-Committee presented a fortunate compromise formulation. The Delegate for Belgium seconded the United States' position and declared himself for the avoidance of too specific phraseology in Article 1. He pointed to the fact that full employment meant to him the highest employment forthcoming under conditions of the highest possible national real income.

The Delegate for India also seconded the United States' position and expressed his preference for the Sub-Committee draft. The Delegate for the United Kingdom pointed to the fact that the phrase "full employment" had been used in the United States Charter and is repeatedly to be found in the Economic and Social Council Resolutions and in the Report of the Economic and Employment Commission.

The Delegate for Australia suggested that if a non too specific formulation was to be applied in Article 1 then also the clause "and the elimination of all forms of discriminatory treatment..." was too specific.

The Delegate for Brazil expressed his preference for more general expressions and referred to Brazil's suggestion in the Administrative Sub-Committee to replace the phrase "for the reduction of tariffs...in international commerce" by a more general one. He mentioned that Chile had been seconding Brazil in the Administrative Sub-Committee and stated that although he didn't feel very strongly on the subject, he would have to insist on the substitution of a more general formula for the clause on tariff reduction if full employment were to be substituted for high levels of productive employment.

/The Delegate

The Delegate for Chile seconded the motion of Brazil. The Delegate for India advocated a compromise solution and the Delegate for Australia suggested that the wording "high levels of productive employment" was weaker than either the wording in Article 3 or Article 4. He could not stand for a weakening of a full employment objective that was clearly spelled out and agreed upon in the United Nations Charter as well as in the First Session of the Drafting Committee.

The Delegate for South Africa seconded the United States' position.

A number of compromise formulas were suggested by various Delegations such as "highest levels of employment", "maximum levels of employment", "avoidance of unemployment and under-employment", "to co-operate in the fullest measure for the achievement of productive employment". The Delegate for South Africa moved for the retention of the Sub-Committee's text and to put the Australian reservation into the commentary. The Chairman suggested the retention of the Sub-Committee text and to include the Australian and New Zealand reservation, while the Delegate for Australia, seconded by New Zealand moved to show the Australian formulation as an alternative text.

When the Chairman agreed to set out the Australian formulation as an alternative draft, the Delegate for the United Kingdom requested the Committee to consider that the disagreement on this subject might have grave repercussions if it were to become known and for this reason the report should be kept as a confidential document. He then suggested to leave Article 1, as not falling under the terms of reference of the Drafting Committee, completely open, and not to refer to it in the report at all but to refer to the text of the Administrative Sub-Committee and to the discussion on this text in a separate particularly confidential report. The Delegate for New Zealand seconded the United Kingdom motion and the Chairman ruled to defer any decision on the subject for the next meeting of the Committee.

/The Delegate

The Delegate for Brazil requested to include in the next discussion of Article 1 also the Brazilian motion to substitute a more general clause and the Chairman ruled that the discussion on Article 1 would cover the whole text of Article 1.

6. Consideration of Articles 74, 75, 76 and 77

The Committee then proceeded to consider Articles 75 and 77 on the basis of document E/PC/T/C.6/78, and Article 76 on the basis of document E/PC/T/C.6/W.74 and E/PC/T/C.6/W.67 and Article 74 on the basis of the working paper of the Administrative Sub-Committee.

7. Article 74

The Committee approved as suggested by the Administrative Sub-Committee to add the following sentence to Article 74: "The Commission shall consult with each other as necessary for the exercise of their functions".

8. Article 76

The Delegate for the United States explained that he had deleted "the conducting of studies" clause, which had been included in the Australian draft of Article 76, because all actions of the Commission are subject to the approval of the Executive Board and a specific mention was unnecessary on that account. After the Delegate for Australia had declared himself satisfied with this explanation, the Committee approved Article 76 in the formulation of the United States' proposal (E/PC/T/C.6/W.74) which is to replace the London text of Article 76.

9. Articles 77

Dr. ALAMILIA explained the use of square brackets in paragraph 2 of Article 77 as indicating that the Sub-Committee had felt that the receipt of studies or requests for studies would clearly have to be routed through the Executive Board.

A discussion ensued on the appropriateness of the word "receive" in paragraph 2 and the Delegate for the United Kingdom suggested to delete

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the first two clauses of paragraph 2 as quite unnecessary; only the last clause starting with the words "to exercise ...." should be retained.

The Delegate for the United Kingdom expressed doubts whether the Commission should be authorized "to exercise functions of the Organization".

The ensuing discussion centred around the question whether the Commissions as bodies of experts would have any executive functions whatsoever or whether they were to be confined to advise the Executive Board while all executive functions would have to be exercised by the Executive Board. The Delegate for the United Kingdom gave the Committee to consider whether it would not be necessary to entrust at least the Chairmen of the Commissions with certain executive functions since it was not visualized that the Executive Board would sit in permanent session.

The Chairman suggested the deletion also of the last sentence of paragraph 2, with the Delegate for Cuba referring to the fact that certain definite functions such as in Article 54, paragraph 4 were assigned to the Commissions. The Delegate for the United Kingdom suggested clarification in the text of the Charter that all executive functions were to be vested in the Executive Board while the Delegate for the United States, referring to the schedule on page 21 of the London report, suggested to retain the text of the Administrative Sub-Committee and to note the discussion on the subordination of Commissions to the Executive Board in the commentary. Dr. ALAMILLA expressed his consent to the deletion of the whole of paragraph 2 and the Chairman ruled to note in the report the conception of the Drafting Committee that Commissions are purely advisory bodies of experts without any executive powers.

With regard to paragraph 3, the Delegate for the United Kingdom suggested that "activities" was not a good term and that it should be replaced by "functions and duties". He also observed that there was a difference in the terms used in Articles 75, 76 and 77 and the Chairman ruled to instruct the Legal Drafting Sub-Committee to review Articles 75 to 77 in this respect and to ensure that identical wording for identical meaning was to be used in all these Articles.

/The Committee

The Committee agreed to delete paragraph 4 as adequately covered in the reformulation of Article 74, and to replace in paragraph 1 the word "solving" with the words "dealing with".

10. Article 75.

The Committee decided to delete the word "specific" in the third line of paragraph 1 and, deleting the reference to specific Articles, to substitute the words "functions under this Charter" as the ending of paragraph 1.

With respect to paragraph 2, the Delegate for Belgium objected to the words "existing" and "investigate", pointing out that this clause was contrary to the spirit of the Charter which approved of customs unions. Belgium, based on the experiences of its two customs unions, was of the opinion that customs unions were very highly beneficial institutions and objected strongly to any "investigations of existing customs unions".

The Delegate for France seconded the Belgian position and pointed out that in this form, paragraph 2 was in any case incomplete because if there were to be any special reference to customs unions then there ought to be a similar special reference to preferential arrangements. He felt that the subject of paragraph 2 was adequately covered in paragraph 1. With the Delegations of Chile and the Netherlands seconding the Franco-Belgian position, the Committee agreed to delete paragraph 2.

Regarding paragraph 3, the Delegate for India queried the meaning of "co-operative projects" and the Delegate for the United States explained that it referred to matters considered in the Technical Sub-Committee, but that a deletion of this reference would be acceptable to him. The Committee agreed to delete the last phrase of paragraph 3, starting with the words "including co-operative projects".

Paragraph 4 was deleted in view of its subject being adequately covered in Article 74.

In discussing the future agenda of the Committee, the still open question of Article 24 was touched upon and the Delegate for the United Kingdom explained his opinion that the issue of Article 24 would in

/any case

any case come up at later stages of the Preparatory Committee.

The Committee was adjourned to 18 February 1947 at 10:30 p.m.