

SECOND SESSION OF THE UNITED NATIONS  
PREPARATORY COMMITTEE CONFERENCE  
ON TRADE AND EMPLOYMENT

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Progress Report to 1 August 1947

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Note This Release should be read in conjunction with Release  
No. 262 of 28 July.

PART I

GENERAL PROGRESS

It is expected that the Sub-Committees examining Chapters IV and V of the draft charter will continue their work until 7 August. From 8 August to 16 August, Commissions A and B are scheduled to consider the reports of the Sub-Committees. The target dates for the final Plenary Sessions of the Preparatory Committee are 18 and 19 August, when the Committee will consider the adoption, as a whole, of the Report of the Second Session of the Preparatory Commission. These Plenary Sessions will complete the work of the Preparatory Committee which will probably not be required to meet again. The Draft Charter will then go forward for consideration at the World ITO Conference to be held at Havana on 21 November 1947. Remaining work in Geneva, relating to the Tariff Negotiations and the General Agreement on Tariffs and Trade, will be continued. It is expected that the Tariff Negotiations will extend beyond 15 August, the original target completion date.

Publication of the Draft Charter as a whole may be expected at the time of the final Plenary Sessions. The revised Chapter VII will probably be published during the current week. Publication of the details of the completed Tariff Negotiations will probably be delayed at least until the meeting of whichever appropriate Parliament or legislative Assembly is the first to re-assemble.

PART IIDETAILED PROGRESS ON CHARTER DISCUSSIONS

In addition to Chapters III, VI and VII already agreed (for main revisions see Release No. 262, page 4) Chapters I, II and VIII have been agreed in Sub-committee.

CHAPTER I      PURPOSES

This Chapter has been broadened subject to discussions still proceeding on Chapter IV, to include, among the purposes of the ITO (a) encouragement of the international flow of capital for productive investment, (b) the facilitating of the solution of problems relating to international trade in the fields not only of employment and economic development, but of commercial policy, business practices and commodity policy, as well.

CHAPTER II      MEMBERSHIP

It is now proposed to extend membership in certain circumstances to territories which have full autonomy in the conduct of their external commercial relations, but which are not yet fully responsible for the formal conduct of their diplomatic relations.

CHAPTER IV      ECONOMIC DEVELOPMENT

Articles 12 and 13 remain under discussion (see Press Release No. 262, page 8).

CHAPTER V      GENERAL COMMERCIAL POLICY

Articles 14, 15 and 24. The additional section to Article 15, relating to films, remains to be discussed. In Article 24 a change has been proposed, and is yet to be discussed, which instead of permitting negotiation for reduction of Tariffs and elimination of preferences either through the Tariff Committee or on a strictly bilateral basis, would channel all negotiations through the Tariff Committee and

incorporate the results in the General Agreement on Tariffs and Trade.

Articles 25, 28, 29 are still under discussion (see Press Release No. 262, page 10).

Article 33. The situation, as outlined in Press Release 262, page 10, will probably be covered by textual adjustments in Article 26 and possibly other articles to meet the case of countries with planned foreign trade.

Article 36. On the subject of relations with non-members the Preparatory Committee will submit three texts to the World Conference. The three draft texts vary in dealing with the part proposed for the ITO to play in relation to the action of members towards non-members. The texts also vary in regard to the criteria by which the ITO may approve existing or proposed agreements between members and non-members, including variations in the allowance to be made for the effect of such agreements on the member directly concerned and on other members. All three texts provide that Members shall not "seek" exclusive or preferential advantages from non-members, although each of the texts in varying degrees recognizes the possibility of exceptions being made.

#### CHAPTER VIII     ORGANIZATION

Important discussions have centered round the problem of the settlement of differences. It is now proposed that the Executive Board or the Conference of the ITO may request from the International Court of Justice advisory opinions on legal questions. But whether the Court is to consider legal questions only or whether it is also to consider questions of economic or other facts established by the ITO will remain for the World Conference to decide and it is expected that the Preparatory Committee will submit alternative texts. It will be seen that the principle of whether the ITO is to be "master of its own

house" is, to some extent, involved.

A further point which will be left for the World Conference is the suggestion that notes interpreting certain parts of the Text of the Draft Charter, and unanimously agreed, should be incorporated in the Charter as evidence of the intentions of members.

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