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AND  
SOCIAL COUNCIL**

*Nations Unies*

**CONSEIL  
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PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE  
ON TRADE AND EMPLOYMENT

There is circulated herewith an exchange of letters between  
the Executive Secretary and the International Chamber of Commerce.

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INTERNATIONAL CHAMBER OF COMMERCE

London Office:  
14, Queen Anne's Gate,  
Westminster, London. S.W.1.

7 November 1946

E. Wyndham White Esq.,  
Executive Secretary,  
Preparatory Committee of the  
International Conference on Trade and Employment,  
Church House,  
LONDON, S. W. 1.

Sir,

In your esteemed communication of 23 October an invitation was extended to the International Chamber of Commerce to submit views on the several subjects now under discussion in the Preparatory Committee.

The International Chamber of Commerce believes that it can make a useful contribution to the work of the Committee by calling attention to the resolutions adopted by the Council of the Chamber in June 1946 and distributed to the delegates in I.C.C. Brochure No. 101.

The value of these resolutions to the Preparatory Committee lies primarily in the fact that they represent a preliminary agreement between delegates of industry, finance and trade from twenty-one countries on many of the questions before the Preparatory Committee, after consultation extending to the Chamber's thirty-one member countries. Much the same difficulties were encountered in the Chamber's discussions as have been encountered within the Preparatory Committee itself, and the resolutions are thus a compromise between divergent trends of interest and thought.

As your Committee deals with matters that are the intimate concern of the peoples of the different countries in their daily lives and occupations, its work is manifestly dependent upon public opinion for its effectiveness, and consequently the Chamber believes it can receive great benefit from consultative association with non-governmental bodies as provided for in the suggested Charter.

As long as the Peace Treaties are not signed, new frontiers are not traced, and political and economic relations with ex-enemy countries remain unsettled, many countries feel it to be extremely difficult, if not impossible, to bind themselves in advance to any long-term commitments on matters of detail.

The undertakings suggested therefore by the International Chamber are, first a prior undertaking, as a condition of entry to the World Conference, somewhat along the lines of the common declarations of policy made by the United States and the United Kingdom and by the United States and France on the occasion of the signature of their respective loan agreements; and secondly a series of undertakings to be subscribed to at the Conference itself: (1) to make an effective reduction in protective tariffs either by negotiation or

unilateral action, (2) to abolish within an agreed period all quantitative restrictions, (3) to base all treaties and conventions relating to the exchange of goods and services on the principle of the Most-Favoured-Nation Clause, and (4) to accept international arbitration or conciliation on complaints relating to the application of exceptions and to introduce a suitable arbitration clause in the agreements negotiated. You will find these various undertakings set out in detail in paragraph VII, pages 5 and 6 of Brochure No. 101.

Throughout the discussions in the International Chamber, great insistence was laid by all members on the need for a system of arbitration, particularly as regards the application of temporary exceptions to the general undertakings. Unless the nations are willing to accept the slight surrender of their sovereign rights involved in readiness to submit in certain specified fields to the decisions of an international court of arbitration or conciliation, it is believed that no effort to achieve effective international co-operation can be fully successful.

With respect to the discussions in Committee I, paragraph XI, on page 7 of Brochure No. 101 covers the Chamber's viewpoint and, for convenience, I enclose a copy of the relevant text.

An important point is that although a high and stable level of employment taken in its broadest sense is a factor in the development of international trade, equal emphasis should be placed in any world charter on trade expansion as an instrument of achieving high and stable levels of employment.

The Chamber's discussions on these undertakings illuminate the difficulty of presenting general rules of conduct for governments without at the same time making provision for departure from accepted principles in exceptional cases. It was equally clear, however, from experience in the 1930's that the assertion of an unlimited freedom of action on the part of government contributes powerfully to the instability and consequent shrinkage of trade and employment, which it is the purpose of the Charter to eliminate so far as possible for the future. The avoidance of sudden and severe changes in the regime of international trade is not the least important instrument in promoting the Committee's ends.

With respect to the subjects under discussion by Committee II, I am taking the liberty of enclosing a memorandum dealing with general Commercial Policy which covers the several resolutions adopted by the International Chamber of Commerce and which your Committee may find it useful to consider.

In connection with Committee III, I take the liberty of enclosing copy of paragraphs XIV and XV from page 8 of Brochure No. 101, which covers the Chamber's views on Restrictive Business Practices. In connection with the International Business Conference held at Rye, New York, in November 1944, the Committee on Cartels

attempted to define the several headings to be considered under the term Restrictive Business Practices. The Chamber's delegates at the Rye Conference approved these Findings.

If further elucidation of any of these points is desired, the Chamber will be very glad to have a representative attend at the pleasure of the Committee.

I have the honour to be, Sir,

Your obedient servant,

(Sgd) Wallace B. Phillips

Delegate of the  
International Chamber of Commerce.

INTERNATIONAL CHAMBER OF COMMERCE

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EXTRACTS FROM BROCHURE No. 101

EMPLOYMENT AND LIVING STANDARDS:

XI. The Chamber suggests that commitments be limited to efforts to maintain high levels of employment and living standards, and that the implication in the term "full" employment of a responsibility resting upon governments to guarantee jobs to all who are willing or able to work should be avoided. In considering measures to achieve and maintain high employment, it should be remembered that real jobs are not created for their own sake; they stem from and are a by-product of the production of goods and services which people want and can buy. The role of government in this operation requires decision upon many policies in varied fields. No single solution can be found. Responsibility moreover is not limited alone to governments; business interests, management and labour likewise have important obligations.

RESTRICTIVE BUSINESS PRACTICES:

XIV. The International Chamber of Commerce welcomes the provisions of Chapter IV of the Proposals for the elimination of restrictive business practices that run counter to the general objectives of the Proposals. It is essential, however, to define clearly what is meant by the term "restrictive business practices". This should be the first task of the Commission to be set up by the International Trade Organization. The Chamber also rejects as unsound the notion that one standard of conduct is applicable to private agreements and another to similar agreements between governments. Private agreements between producers, subject to proper safeguard, are not necessarily in conflict with the objectives of the Proposals. When agreement is necessary in order to restore or maintain stable economic activity, it should normally be concluded between the producers directly concerned, unless they are too numerous and dispersed to make this possible.

XV. Abuses can be prevented and effective safeguards provided for the interests of the general public and particularly of the consumers by establishing a national and international status for such agreements and by supervising their operation. Three essential safeguards are required:

(a) The terms of the agreement should be public. They should be registered with the governments of the contracting parties and with the appropriate organization of the United Nations.

(b) The participation of any national industry in an international agreement should be brought to the knowledge of and be subject to the approval of its government.

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(c) As provided in the Proposals, a special Commission of the United Nations' international organization should be set up to deal with complaints relating to abusive practices by the agreements. This Commission would be empowered to formulate recommendations with a view to obtaining the intervention of the governments concerned, through their national laws and procedure, against any agreement should to be guilty of such practices.

INTERNATIONAL CHAMBER OF COMMERCELondon Office:  
14 Queen Anne's Gate  
Westminster,  
London, S.W.1.SUGGESTIONS SUBMITTED TO THE PREPARATORY COMMITTEE OF  
THE INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT  
BY THE INTERNATIONAL CHAMBER OF COMMERCEGeneral Commercial PolicyA.1. General Most-Favoured-Nation Treatment

The International Chamber will undoubtedly welcome the inclusion in the U.S. Government's Suggested Charter of the Most-Favoured-Nation Clause as the keystone of the Charter itself and of the agreements proceeding from it. This is a point strongly urged in the I.C.C.'s Resolution and it is hoped that the widest possible use will be made of the Most-Favoured-Nation Clause as a means of eliminating discrimination and bilateralism in world trade.

Two exceptions to Most-Favoured-Nation treatment are contemplated in the Chamber's Resolution; the first to meet the needs of the transition period and the position of countries devastated by the war, and the second to allow for the conclusion of regional agreements. Whatever exceptions are allowed, they should of course be very precisely defined, and reference might usefully be made in this connection to the valuable work done in the past by the League of Nations with the collaboration of the International Chamber.

A.5. Tariff Valuation

It is hoped that in working out an agreed system of ad valorem valuation full account will be taken of the considerable progress made in this direction by the International Chamber of Commerce before the war. The detailed recommendations of the International Chamber on this point are contained in the Appendix to its Resolution on the U.S. Government's Proposal (Brochure No.101, pages 23 and 24 and pages 28, 29 and 30). It will be noted in particular that the I.C.C.'s Committee held that the Customs should invariably accept as the "basic" value the actual price paid or payable, in each case as shown on the commercial or consular invoice, unless the Customs have good reason to suspect that the invoice value is less than the fair market value of the goods.

A.6. Customs Formalities

It is suggested that any agreement on the simplification of customs formalities would be more effective if it included an undertaking to apply immediately and unilaterally, pending more drastic action, the provisions of the 1923 Convention on the Simplification of Customs Formalities.

A.7. Marks of Origin

Article 14 of the Suggested Charter is in substantial agreement with the past recommendations of the I.C.C. (see pages 25-26 of Brochure No.101). It is suggested, however, that marks of origin

should not be required in the case of goods bearing a national trade mark sufficiently well-known as to leave no doubt as to their origin.

#### A.8. Publication and Administration of Trade Regulations

An agreement to apply immediately the already existing provisions of the 1923 Convention on the Simplification of Customs Formalities would probably be useful as an interim measure.

#### C.- Quantitative Restrictions

An important point made by the I.C.C. in its Resolution is that any undertaking to abolish quantitative restrictions and exchange control should be accompanied by an undertaking to keep at a low level any tariffs introduced to replace these restrictions.

In the course of the discussions within the International Chamber of the U.S. Government's original Proposals considerable misgiving was expressed at the blanket provision of an exception in favour of countries suffering from an adverse balance of payments. This misgiving was on two counts. First it was felt to be difficult, if not impossible, to find a definition of the term "adverse balance of payments" sufficiently precise to prevent it being used as an almost permanent "escape clause". In the second place, there was doubt as to the advisability of providing for long-term exceptions at all. The provisions of exceptions for the transition phase, capable of being extended by agreement, should suffice.

Mention has already been made of the importance attached by the I.C.C. to a mechanism of interpretation, consultation and information and of a mechanism of arbitration for the settlement of disputes arising out of the application of exceptions provided for under this heading.

With regard to item C.3. (Nondiscriminatory Administration of Quantitative Restrictions), attention is drawn to the code of fair practice for quota administration issued by the I.C.C.'s 1939 Congress (see pages 27 and 28 of Brochure No.101).

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23rd October, 1946.

Sir,

I have the honour to acknowledge receipt of your letter of the 17th October, 1946, regarding the representation of the International Chamber of Commerce on Committees I, II, III and IV of the Preparatory Committee of the International Conference on Trade and Employment.

The contents of your letter have been given careful consideration, both by committees of the Preparatory Committee and by myself. I regret to advise that it has not been found possible to invite observers from non-governmental organizations to attend private meetings of committees as distinct from plenary sessions of the Preparatory Committee itself.

However, on behalf of the Preparatory Committee, I wish to invite you to submit, in writing, at your early convenience, the preliminary views of the International Chamber of Commerce on any of the subjects being studied by the Preparatory Committee upon which the Chamber desires to consult with the Preparatory Committee. After committees have had an opportunity to study these views, they will consider what arrangements could be made for further consultation.

I have the honour to be

Sir

Your obedient servant

(E. Wyndham-White)

Executive Secretary of the Preparatory Committee.

Wallace B. Phillips Esq.,  
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INTERNATIONAL CHAMBER OF COMMERCE

London Office:  
14, Queen Anne's Gate  
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17th October 1946.

Sir,

In accordance with the decision of the Economic and Social Council at its Third Session granting the International Chamber of Commerce consultative status (Category A) and with the resolution of the Economic and Social Council of 21st June 1946, defining the nature of the consultative arrangements contemplated, I have the honour to request representation of the International Chamber of Commerce on the following Committees of the Preparatory Committee:

- I. Employment
- II. General Commercial Policy
- III. Cartels
- IV. Commodities

The International Chamber has international committees working on all these questions and has given a preliminary statement of its views on most of them in the Resolution adopted at its June Council Meeting which has been circulated to all delegates (Brochure No.101).

If I may be allowed to make a suggestion as to the type of representation that might be suitable, I feel that it would meet the requirements of all concerned if the International Chamber were allowed:

- (1) To have an observer at all meetings of the above Committees, unless the Chairman or the Committee decide that his presence at a particular meeting would be undesirable;
- (2) To apply in writing to the Chairman of the Committee for permission to state the views of the International Chamber on a specific question; in which case the Committee would decide whether to hear the Chamber's delegate itself or to appoint a special Sub-Committee for that purpose.

For your convenience, I am enclosing 4 signed copies of this letter.

I have the honour to be, Sir,  
Your obedient Servant,

(Signed) Wallace B. Phillips

Delegate of the  
International Chamber of Commerce

E. Wyndham-White, Esq.,  
Executive Secretary,  
Preparatory Committee of the  
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