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

D R A F T R E P O R T¹⁾

BY THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT
TO THE ECONOMIC AND SOCIAL COUNCIL

PART A -- INTRODUCTION

1. Establishment of the Preparatory Committee

(a) The Economic and Social Council at its First Session resolved on 18 February, 1946 to call an International Conference on Trade and Employment for the purpose of promoting the expansion of production, exchange and consumption of goods. At the same time the Council constituted a Preparatory Committee to elaborate for the Conference an annotated draft agenda, including a draft convention, taking into account suggestions which might be submitted by the Council itself or by any Member of the United Nations.

(b) The Council also charged the Preparatory Committee with presenting recommendations regarding the date and place of the Conference on Trade and Employment and which states, if any, non-Members of the United Nations, should be invited to the Conference.

1) This Draft Report, prepared by the Secretariat and approved by the Charter Steering Committee and the Tariff Negotiations Working Party, will be submitted to the Preparatory Committee on Monday, 7 July, 1947.

2. Stages in the Work of the Preparatory Committee

- (a) The First Session of the Preparatory Committee was held in London from 15 October to 28 November, 1946. In the course of this Session a draft Charter for an International Trade Organization was prepared and embodied in a report which was distributed as Document E/PC/T/33 and published.
- (b) The First Session appointed a Drafting Committee to meet as soon as possible after the First Session for the purpose of editing the draft Charter produced in London. The Drafting Committee met in New York from 20 January to 25 February, 1947 and recorded the results of its work in a report which was distributed as Document E/PC/T/34 and later published.
- (c) The Second Session of the Preparatory Committee began on 10 April, 1947, at Geneva and it is hoped that it will conclude its work not later than 15 August, 1947. In view of the desirability of holding the Conference on Trade and Employment as soon as possible, this Report has been prepared before the conclusion of the work of the Preparatory Committee for consideration at the Fifth Session of the Economic and Social Council. A full report of the Second Session will be published immediately after the end of the Session.

3. Participants in the Work of the Preparatory Committee

All members of the Preparatory Committee¹⁾ with the exception of the Union of Soviet Socialist Republics took part in the work of the First and Second Sessions and of the Drafting Committee. The Union of Soviet and Socialist Republics indicated that it did not feel able to

1) The members are:

Australia, Belgium-Luxembourg, Brazil, Canada, Chile,
China, Cuba, Czechoslovakia, France, India, Lebanon,
Netherlands, New Zealand, Norway, Union of South Africa,
Union of Soviet Socialist Republics, United States, United
Kingdom.

participate in the work of the First Session as it had not found it possible to devote sufficient preliminary study to the important questions which were the subject of the Committee's discussion. The Soviet Union did not participate in the work of the Drafting Committee or of the Second Session. The specialized agencies¹⁾ and two other inter-governmental organizations²⁾ were actively associated with all the proceedings and many Members of the United Nations non-members of the Preparatory Committee³⁾ and some non-governmental organizations in Category "A"⁴⁾ sent observers who from time to time gave the Committee the benefit of their views.

PART B -- RECOMMENDATIONS OF THE PREPARATORY COMMITTEE

1. Annotated Draft Agenda and Convention for the Conference on Trade and Employment

The Preparatory Committee adopted the topics suggested by the Economic and Social Council in its resolution as the substance of its agenda for the preparation of the draft Charter for an International Trade Organization. As at present drafted the Charter is divided into eight chapters headed as follows:-

- I. Purposes
- II. Membership
- III. Employment and Economic Activity
- IV. Economic Development
- V. General Commercial Policy

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- 1) The Food and Agriculture Organization and the International Labour Office.
 - 2) The International Bank for Reconstruction and Development and the International Monetary Fund.
 - 3) Colombia, Denmark, Mexico, Peru, Poland and Syria sent observers to the First Session; Colombia and Mexico to the Drafting Committee, and the following countries to the Second Session, in addition to those represented at the First Session:
Afghanistan, Argentina, Ecuador, Egypt, Greece, Iran, Saudi-Arabia, Sweden, Turkey, Uruguay, Venezuela, Yugoslavia.
Syrian representatives attended the Second Session as part of a delegation representing the Syro-Lebanese Customs Union in the tariff negotiations.
 - 4) The organizations were:
American Federation of Labour, International Chamber of Commerce, International Co-operative Alliance, World Federation of Trade Unions.

VI. Restrictive Business Practices

VII. Inter-Governmental Commodity
Arrangements

VIII. Organization.

The Preparatory Committee recommends that these headings should be adopted by the Conference on Trade and Employment as the substance of its agenda and that the relevant chapters of the draft Charter should be taken as the principal working paper under each heading. As additional annotations to the agenda there will also be available the Reports of the First and Second Sessions of the Preparatory Committee and of the Drafting Committee. The Reports of the First Session and of the Drafting Committee are annexed hereto as Annexures A and B respectively. The three Reports will indicate to the World Conference the development of the discussions leading to the text of the Draft Charter submitted by the Preparatory Committee.

2. Date and Place of the Conference on Trade and Employment.

In arriving at a recommendation as to the date on which the Conference should be convened the Preparatory Committee has been much impressed with the desirability of holding the Conference as soon as possible after the termination of the work of the Preparatory Committee. It was felt by the Committee that the impetus achieved in the preparation for an International Trade Organization should be maintained, and that any substantial delay would have the effect of postponing for a considerable period the coming into force of the Charter and the establishment of the Organization. On the other hand, the Preparatory Committee has given consideration to the need for providing a reasonable interval between the end of the current session of the Committee and

the convening of the World Conference in order to provide as much time as possible for governments which did not participate in the Preparatory Committee to study the work of the Second Session. In this connection the Preparatory Committee has taken account of the fact that the full reports of the First Session and of the Drafting Committee have been in the hands of all Members of the United Nations for many months and that such Members have also received all documents of the Second Session as its work has proceeded. In all the circumstances the Committee feels it is undesirable to delay the convening of the Conference much beyond the middle of November. Accordingly, the Preparatory Committee recommends that the Conference should be convened on 21 November. The Preparatory Committee considers that the Conference should be held in a suitable place in the Western Hemisphere, and therefore recommends, in view of the cordial and generous invitation extended by the Government of Cuba, that the Conference be held in Havana, if practicable. (See Annexure C).

3. Invitation of Non-Members of the United Nations to the Conference.

The Preparatory Committee recommends that, subject to the resolution regarding Spain adopted by the General Assembly on 12 December, 1946, those states non-Members of the United Nations which have any appreciable interest in world trade should be invited to the Conference on Trade and Employment. It therefore recommends that the following states non-Members should be invited - Albania, Austria, Bulgaria, Eire, Finland, Hungary, Italy, Portugal, Rumania,

Switzerland, Transjordan and the Yemen. (See Annexure D).¹⁾

PART C - THE GENERAL AGREEMENT ON TARIFFS AND TRADE.

1. Considering that the task of the World Conference would be facilitated if concrete action were taken by the principal trading nations to enter into reciprocal and mutually advantageous negotiations directed to the substantial reduction of tariffs and to the elimination of preferences, the Preparatory Committee adopted a Resolution at its First Session regarding the carrying out of tariff negotiations under its sponsorship in connection with, and as a part of, the Second Session.
2. The Members of the Preparatory Committee are now engaged in the negotiations foreseen in the above-mentioned Resolution. These negotiations have not yet been completed.
3. The concessions resulting from these negotiations, together with such other provisions as may be appropriate, will be incorporated in a General Agreement on Tariffs and Trade to be signed at the end of the Second Session.

1) The question of the participation of certain customs territories which are autonomous as regards matters covered by the Draft Charter but whose international relations are the responsibility of certain states has been considered by the Chairman's Committee, and a recommendation is being prepared by a sub-committee for submission to the Preparatory Committee along with this Report.

ANNEXURE C

Resolution Regarding Date and Place of United Nations
Conference on Trade and Employment

WHEREAS in the resolution whereby the Economic and Social Council constituted the Preparatory Committee, the Council requested the Committee, inter alia, to report recommendations regarding the date and place of the International Conference on Trade and Employment, and

WHEREAS the Preparatory Committee considers that it is desirable to proceed as rapidly as possible with the establishment of an International Trade Organization and the formulation of its Charter,

THE PREPARATORY COMMITTEE RECOMMENDS that the Economic and Social Council request the Secretary-General to convene the Conference on 21 November 1947 at a suitable place in the Western Hemisphere.¹⁾ The Committee further recommends that the invitation extended by the Government of Cuba to hold the Conference in Havana be accepted, if practicable.

1) The Committee has considered and rejected a suggestion by the Secretariat that the Conference should be held at Lake Success. The Committee is strongly of the opinion that Lake Success would not be "a suitable place" for the Conference. The experience of two sessions of the Preparatory Committee has demonstrated that any reasonable rate of progress in the complicated discussions which will confront the Conference is dependent upon regular and comprehensive daily Delegation meetings and inter-delegation discussions. These are greatly facilitated by the provision of office accommodation in the Conference building, which, having regard to the size of the delegations, would not be available at Lake Success. If, added to this, the hotel and office accommodation of Delegations were a considerable distance from the Conference building, the result would be severely to curtail the time available for Conference and Committee Sessions and thus to add considerably to the length and expenses of the Conference, (including the heavy expenses entailed for delegations for accommodation, staff and transport.)

The considerations which led the Committee to reject the suggestion of Lake Success also prompted their favourable recommendation on the Cuban invitation to hold the Conference at Havana. The Committee were assured of the provision of an adequate Conference building which would include office accommodation for delegations, and hotel accommodation in close proximity to the Conference buildings. The Committee felt that the consequent saving in time and expense argued strongly in favour of Havana. They considered that the saving in the time required for the completion of the Conference at Havana as compared with Lake Success would go a long way to offset the additional expenses which might be involved for the United Nations Secretariat. Moreover, they understood that the Cuban Government had offered to contribute generously to the Conference arrangements with a view to avoiding costing any additional burden of expense upon the United Nations.

ANNEXURE D

Resolution Relating to Invitation of Non-Members of the
United Nations to the Conference on Trade and Employment

WHEREAS in the Resolution whereby the Economic and Social Council constituted the Preparatory Committee, the Council requested the Committee to recommend, inter alia, what states, if any, non-Members of the United Nations should be invited to the United Nations Conference on Trade and Employment, and

WHEREAS the Preparatory Committee has now considered this request

THE PREPARATORY COMMITTEE RECOMMENDS, subject to the Resolution passed by the General Assembly of the United Nations on the 12 December 1946, on the relations of Members of the United Nations with Spain, that invitations should be sent to all states not Members of the United Nations (with the exception of Germany and Japan) which on the basis of the latest available figures (1938) have an appreciable interest in world trade, namely Albania, Austria, Bulgaria, Eire, Finland, Hungary, Italy, Portugal, Rumania, Switzerland, Transjordan and the Yemen. 1)

1) The Chairman's Committee (Heads of Delegations) has considered the question of the participation in the Conference of certain customs territories which are autonomous as regards matters covered by the Draft Charter but whose international relations are the responsibility of certain states. A draft of the Committee's recommendation is being prepared by a sub-committee for submission to the Preparatory Committee along with this Report.