

SECOND COMMITTEE: INDUSTRIAL DEVELOPMENT

DRAFT CHARTER

CHINA: PROPOSED AMENDMENTS

Article II

After the word "accordingly" in paragraph 1, there should be two sub-paragraphs (a) and (b):

(a) Use the original text "no member shall impose...within the limits of their power."

(b) "The Organization shall implement its advice concerning plans for economic development mentioned in Article 10, paragraph 2 by making recommendations to the International Bank for Reconstruction and Development for financial assistance necessary to the execution of such plans. In so doing, the Organization shall, in accordance with Article 8 and Article 1, paragraph 2, give preferential consideration to those countries which are still in the early stages of industrial development."

Reasons for Amendment

This article mentions adequate supply of capital funds, materials, modern equipment and technology, and technical and managerial skill as necessary conditions for the progressive industrial and general economic development, but emphasis is laid on private investments. But such investments cannot be so co-ordinated as to supply adequate funds for the execution of comprehensive plans. This should be the work of the International Bank, which has been specially organized for the purpose. While the ITO cannot decide for the Bank its loan policy, it should at least implement its advice mentioned in Article 10, paragraph 2, with specific recommendations. As Chapter IV has forged a close link between the ITO and the International Monetary Fund, a similar arrangement should be provided for with the International Bank in this chapter. The generic term "inter-governmental organizations" used in Article 10 is not specific enough. It may also be pointed out that, in the United Nations, the Fund, the Bank, the FAO, etc., are known as specialized agencies instead of inter-governmental organizations.

/Article 13

Article 13

Paragraph 1

Use the original text.

Paragraph 2 (a) and (b)

The following is to be substituted for these two sub-paragraphs:

2. (a) "A Member, in the interest of its programme of economic development or reconstruction, may adopt any non-discriminatory measure of governmental assistance to particular industries or particular branches of agriculture. If, after the application of the measure, any other member should consider it to be in conflict with any provision of Chapter IV or with any obligation which the Member adopting the measure has assumed through negotiations with the complaining Member pursuant to Chapter IV, and the same Member should consider its trade to be substantially affected by the measure, a written complaint should be filed with the Organization stating the reasons for making the complaint.
- (b) Upon receipt of such a complaint, the Organization shall transmit a copy to the Member adopting the measure, and the latter shall transmit to the Organization a written reply giving the considerations in support of the adoption of the measure."
- (c) Use the original text except that, in place of "the applicant Member", the words "the Member adopting the measure" should be substituted, and the words "Member which may be substantially affected" should be changed to "the complaining Member or Members". The term "proposed measure" should in two different connections be changed to "measure".

Paragraph 3

The term "proposed measure" in sub-paragraph (a) should be changed to "measure". The term "applicant Member" in sub-paragraph (a) and (c) should be changed to "Member adopting the measure". The phrase "unless the Organization decided otherwise" in sub-paragraph (b) should be deleted.

Paragraph 4

Same corrections for "proposed measure" and "applicant Member".

Sub-paragraph 4 (c) is to be revised as follows:

"If a Member country has adopted a measure on account of there having been an increase or threatened increase in the importations of product or products concerned, including products which can be directly substituted therefor, so substantial as to jeopardize the plans of the Member for the establishment, development or reconstruction of the industry or industries concerned, or branches of agriculture concerned, and if no preventive measures consistent with the Charter
/can be found

can be found which seem likely to prove effective, the Organization shall, if the matter is brought to its attention, concur with the measure."

Paragraph 5

To be deleted.

Reasons in Support of the Amendment

There are many provisions of the Charter, especially in Chapter IV, which are necessarily flexible and which will therefore be susceptible to different interpretations. For instance, such expressions as "unnecessary damage", "reasonable rate of increase", "unduly restrictive effect", etc., are of this nature. A Member may consider the damage to commercial interests as necessary, and another as unnecessary. Or a rate of increase may be considered by one Member as reasonable, and by another as unreasonable. If a Member must secure the prior approval of the Organization for domestic measures whose inconsistency with Chapter IV or with negotiated obligations pursuant to the same Chapter is doubtful, it would mean too much impediment to the execution of developmental programmes in the Member countries as well as too much work for the Organization.
