

UNITED NATIONS

NATIONS UNIES

ECONOMIC
AND
SOCIAL COUNCIL

CONSEIL
ECONOMIQUE
ET SOCIAL

RESTRICTED
E/PC/T/W/171
6 June 1947
Original: ENGLISH

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

CZECHOSLOVAK DELEGATION

Article 36

Relations with non-Members.

Suggested New Text

1. No Member shall seek exclusive or preferential advantages for its trade in the territory of any non-Member.

2. No Member shall be a party to any agreement or other arrangement with any non-Member which would be contrary to the general purposes of the Charter.

3. Each Member undertakes to take appropriate measures in accordance with its laws and economic and social organisation to prevent transactions with non-Members or with persons on their territories which would be contrary to the general purposes of the Charter.

4. Any Member shall be entitled to suspend the application of some provisions of this Charter if a substantial proportion of its foreign trade is conducted with non-Members and if the execution of some provisions of the Charter would seriously prejudice its economic interests,

provided that such action shall not be contradictory to the general purposes of the Charter.

Any Member who has taken such action shall afford the the Organisation and substantially interested Members an adequate opportunity to consult with it in respect of its action and of the best way which would enable the Member concerned to safeguard its interests without prejudicing the general purposes of this Charter and the legitimate interests of the above mentioned Members.

If no adjustment can be effected the Member concerned may withdraw from the Organisation at any time by written notice addressed to the Director General either on its own behalf or on behalf of the territory which is at the time selfgoverning in respect of matters provided for by this Charter, giving reason therefore. This withdrawal shall become effective on the date such notice is received. The Director General shall immediately notify all other Members.

Comment:

At its first Session the Preparatory Committee did not discuss Article 36 and no views were expressed as to its text. The Czechoslovak Delegation was from the very beginning greatly concerned about the consequences of the original draft text, because, if Article 36 would have been left standing in its original form, this might have led to serious economic conflicts, detrimental to all concerned and hence contrary to the purposes of the Charter. Such a possibility of future conflicts would have probably prevented many countries from joining the ITO.

The principles expressed in the suggested Amendment are analogous to the principles which underlie the relations of Members to non-Members in the Articles of Agreement of the International Monetary Fund /Article XI, XIV, Section 1/.

The expression "preferential advantages" used in paragraph 1 of the proposed Article 36 is understood in the sense of "tariff preferences" and should not be interpreted in the sense of preventing Members from obtaining normal tariff reductions in a non-Member country, if this country for some reason has no commercial treaty with one or more Member countries.