

• INTERIM COMMISSION  
FOR THE INTERNATIONAL  
TRADE ORGANIZATION

COMMISSION INTERIMAIRE DE  
L'ORGANISATION INTERNATIONALE  
DU COMMERCE

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EXECUTIVE COMMITTEE

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Report of Sub-Committee 3 on Administration

Section 4

Expenses of the Preparatory Committee of the United Nations Conference on Trade and Employment and of that Conference

Despite a lengthy discussion, the Sub-Committee was unable to agree on a recommendation on this question. They therefore report for further consideration by the Executive Committee three different solutions which were propounded to the Sub-Committee but none of which commanded sufficient support to form the basis of a recommendation by the Sub-Committee.

A. Some members urged that on principle, the responsibility for these expenses rested clearly with the United Nations and that no compelling reason had been advanced why the matter should not be decided in accordance with principle. The argument that such a recommendation by the Interim Commission would provoke an undesirable debate in the General Assembly was not fully convincing in that it was certain that the question of the ITO would, in any event, be debated at length. There would inevitably be a discussion also of the substantial deficit in the Working Capital Fund even if there were a recommendation by the Interim Commission in favour of full reimbursement by the ITO. In addition to the principle involved there was the practical consideration that acceptance of these charges would place a heavy financial liability on the ITO at its inception.

B. Other members of the Sub-Committee, whilst agreeing as regards principles, felt that the particular circumstances and practical considerations were such as to make it desirable that the ITO should accept these liabilities. Whilst it was true that the question of the ITO might be debated in the General Assembly in any event, the injection into the debate of this financial controversy would in all probability damage the ITO. Whilst it might be true that there would have to be a discussion on the deficit in the Working Capital Fund, the debate would be less harmful if there were not

involved in it an apparent dispute between the United Nations and one of its related agencies. It must be admitted that the result would be to burden the ITO with debt but this might not be so serious if the debt redemption could be spread over several budgets rather than provided for in the first budget. In any case the sum involved was not large when spread between all Members of the ITO. As regards the majority of contributors, whichever arrangement was adopted, it was unlikely to affect them very materially as even if the United Nations accepted the liability, Members of the United Nations would have to contribute to the supplementary budget allocation necessary to replenish the Working Capital Fund.

C. Other members of the Sub-Committee favoured a compromise solution whereby the expenses would be divided between the United Nations and the ITO in accordance with the principles which they understood the Secretary-General intends to submit to the General Assembly concerning expenses which may properly be borne by the United Nations in connection with the creation of any new specialized agency and expenses which should be regarded as a proper charge to the new organization. These principles are set out in paragraph 6 of document ICITO/EC.2/4 :

"6. The expenses of meetings of technical preparatory committees established by the Economic and Social Council in accordance with the terms of Article 59 of the Charter should be borne, as a general rule, on the United Nations budget. All other expenses, including the expenses of the first World Conference called to frame the constitution and the expenses of the preparatory or interim commissions created by the constitutional conferences should be borne by the new specialized agency or by the participating Governments."

The effect of such a recommendation would be that the Interim Commission under paragraph 2 (a) of its terms of reference would place before the First Annual Conference of the ITO a recommendation that the ITO accept liability for costs of the Havana Conference advanced from the Working Capital Fund and that the expenses of the Preparatory Committee be financed out of the budget of the United Nations.

The protagonists of course B considered that the compromise course C presented the worst of both worlds; on the one hand, it involved a sacrifice of the principles upon which the protagonists of course A stood - and which principles were recognized by protagonists of course B - and on the other hand, it offered none of the advantages of course B since it left in controversy the larger part of the sum in question and the unfortunate results which had led to the suggestion of course B would therefore ensue.

The protagonists of course A, however, would have been prepared to accept course C if that would be the means of reaching an agreed conclusion. From their point of view, course C represented some departure from the principles upon which their attitude was based but, on the other hand, course C followed general principles which the Secretary-General was proposing to apply to all cases and at the same time made some concession on reimbursement.

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