

Executive Committee

MEMORANDUM BY THE EXECUTIVE SECRETARY FOR CONSIDERATION AT  
AN EMERGENCY SESSION OF THE EXECUTIVE COMMITTEE

The delay in ratification of the Havana Charter raises a number of points, some of them of a minor character, some of substantial importance, which require examination as a matter of urgency by the Executive Committee.

1. The date of the third session.

It had been agreed at the second session of the Executive Committee that the third session should take place in September on the assumption that by that date there would have been a sufficient number of ratifications to enable the date of the first conference to be foreseen. Moreover, it was contemplated that the session would be held concurrently with the consultation referred to in Article 103 of the Havana Charter in the event that the Charter had not entered into force. In the present circumstances there would appear to be no useful purpose in holding the third session in September of this year and it is therefore recommended that the Executive Committee should decide to postpone the third session until a date when the entry into force of the Charter and the holding of the first conference are more imminent.

2. Programme of Work of the Interim Commission and of the Secretariat.

In anticipation of the September meeting the Secretariat had submitted Working Papers MT/10/49 and MT/12/49, Proposed

Report of the Interim Commission to the First Conference of the ITO, and the Statistical Requirements of the ITO, which, subject to certain additional administrative matters, it was considered would enable the Executive Committee at the third session to complete the bulk of the mandate of the Interim Commission, except such preparatory work as might be undertaken by the Executive Committee with respect to substantive items submitted for the Agenda of the first conference. In the absence, therefore, of fresh authority from the Executive Committee, the Secretariat may be considered to have substantially completed its work. It therefore becomes necessary, in view of the considerable delay which will ensue before the convening of the first conference, to consider what additional work should be carried out by the Secretariat.

When the draft terms of reference for the Interim Commission were drawn up in Havana there was omitted a clause which is normally in the terms of reference of such a body giving power to the Commission to perform such urgent tasks of the Organization as require to be carried out pending the establishment of the Organization. It had seemed probable at that time that the Havana Charter would enter into force at no very distant date. Moreover, in the important field of commercial policy the provision for joint action of the Contracting Parties to GATT would provide some machinery for dealing with problems arising pending the establishment of the Organization. The result is that the Interim Commission has specific functions only in terms of the first conference. On a strict interpretation it could be said that the working papers referred to above substantially

cover the specific matters contained in the terms of reference. However, the more general provisions of paragraph 2(i) of the terms of reference would appear to provide a basis for additional work by the ICITO in the extended period during which the Charter will be awaiting ratification. I would venture to suggest to the Executive Committee that at the present time and still more in the immediate future, the absence of an International Trade Organization represents a very serious gap. Economic needs do not await upon the convenience of parliaments and every day fresh problems are accumulating which require international consultation and action. The accumulating evidence of impending economic crises suggest that this need will become increasingly urgent. A considerable number of the issues is in the trade field. As the Havana Charter is not yet in force, these questions are of necessity handled in somewhat piecemeal fashion by a number of different organizations, such as the Economic and Social Council and its functional and regional commissions, some of the specialised agencies and the OEEC. In these organizations it is true that a number of the participating governments are, by virtue of their being signatories either to the GATT or to the Convention for European Economic Cooperation, committed to the observance of the principles of the Havana Charter. Nevertheless, the absence of any International Trade Organization or an interim body with appropriate authority, renders proper coordination difficult. It is therefore a matter for consideration whether the Secretariat should not be authorised to lend its assistance to various international activities in the trade field.

Taking the broad sub-divisions of the Charter as a basis, it is suggested that the Executive Committee might consider a programme on the following lines:

1) Economic Development.

In view of the initiative taken by the Economic and Social Council following the Fourth Point announcement, there would appear to be little value in the ICITO pursuing at this stage its enquiries on the basis of the Havana resolution on economic development. The Secretariat should, however, keep itself fully informed on the development of international arrangements in this field and in due course prepare an appraisal of the contribution which the ITO may, when established, be able to make.

2) Commercial Policy

The joint action of the Contracting Parties to GATT (who, particularly when augmented by the accession of new governments as a result of the Annecy negotiations, represent a very large percentage of world trade and cover all types of economies) provides an important means for dealing with urgent trade problems. The Executive Committee should therefore instruct the Secretariat to continue and, as necessary, increase its assistance to the Contracting Parties in carrying out the increasing obligations falling on the latter.

For example the Secretariat should lend its assistance to the Contracting Parties in the following matters which are under consideration at the current session of the Contracting Parties.

- (a) preparation of material as a basis for consideration of applications under Article XVIII of the GATT, and assistance in inter-sessional procedures in connection with the application of Articles XII, XIII and XIV.

- (b) assist the Contracting Parties upon request in compiling the report referred to in paragraph 1 (g) of Article XIV.
- (c) assist the Contracting Parties in compiling material to serve as a basis for considering possible action under Article XII (5).
- (d) assist in specific enquiries or studies requested by the Contracting Parties in connection with the application of the GATT.

### 3. Commodity Policy

There has been received from the Chairman of the Interim Coordinating Committee for the International Commodity Arrangements a copy of a letter which he is sending to the Secretary-General of the United Nations at the request of the Committee at its third session held in Paris recently. In this letter Sir James Helmore says:

"When this Committee was established by resolution of ECOSOC in March 1947, it seemed likely that the setting up of ITO would follow at not too long an interval. In the meantime, the Council recommended that members of the UN adopt as a general guide the principles laid down in Chapter VII of the draft Charter for ITO (New Chapter VI of the Havana Charter) and established this Interim Coordinating Committee to keep informed of and to facilitate inter-governmental consultation or action with respect to commodity problems. The members of the Committee were to be nominated by yourself on the recommendation, in two cases, of certain international bodies. None of the members of the Committee represents a Government.

In the Committee's review of international commodity problems 1948, we referred (paragraph 32) to the fact that we did not consider we should have the authority or the necessary staff or information to enable us to take the place of the ITO so far as the summoning of commodity conferences is concerned.

During the year that has passed since then, increasing attention has been focussed on the problems that are arising in connection with world trade in commodities and there has been some expression of anxiety that inter-Governmental consultation and action is not proceeding with sufficient speed. At its recent session, the Committee felt that the general principles which should govern inter-Governmental consultation and action in those fields, were fully set out in Chapter VI of the Havana Charter, and that if there had been a prospect that the ITO would be established at an early date, it would not be necessary to contemplate any alternative action. As matters stand, however, they doubted whether an interim body, not composed of representatives of Governments, could effectively exercise the functions assigned to the ITO in this matter by Chapter VI of the Havana Charter. They therefore felt that it was a matter for consideration whether some further step forward should not now be taken, for instance by the establishment of an interim body, composed of Government representatives and with more specific responsibilities such, for instance, as those given to the ITO by Chapter VI of the Havana Charter."

When it authorised the sending of this communication to you, the Committee felt that it would be appropriate for the members appointed on the nomination of particular bodies to send copies of it simultaneously to the bodies upon whose nomination they are appointed. I have accordingly sent a copy to the Interim Commission of the International Trade Organization and Mr. Loveland has sent a copy to the Food and Agriculture Organization of the United Nations.

In the light of this communication from ICCICA and of the problems of great urgency which are presenting themselves in the commodity field, the Executive Committee may wish to consider the desirability of inviting signatories of the Havana Final Act to bring the provisions of Chapter VI of the Havana Charter into provisional application and to establish a governmental commission to administer such provisional application.

#### 4. General.

In view of the many difficulties which are arising in international trade matters, the Executive Committee may wish to consider authorising the Secretariat, in addition to its assistance to the Contracting Parties, to assist, upon request, any other international action in the trade field.