

UNRESTRICTED

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FOR THE INTERNATIONAL L'ORGANISATION INTERNATIONALE
TRADE ORGANIZATION DU COMMERCE

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ORIGINAL: ENGLISH

EMERGENCY SESSION OF THE EXECUTIVE COMMITTEE

Fourth Meeting held at Hotel Verdun, Annecy,
Monday, 1 August 1949, at 2.30 p.m.

Chairman: Mr. L. D. Wilgress (Canada)

Subjects discussed:

- 1) Budget estimates for 1950 (ICITO/W/4).
- 2) The Spanish Text of the Havana Charter (E/Conf.2/W.16/Corr.1).
- 3) Barriers to the international transport of goods.
- 4) Chapter VI of the Charter.

1) Budget estimates for 1950 (ICITO/W/4)

The CHAIRMAN summarised this paper and called particular attention to paragraphs 4 and 5 regarding the means of raising the amount required for 1950.

Mr. HEWITT (Australia) enquired whether the Secretary-General had authority to refuse to advance the balance of the loan provided by the General Assembly.

Mr. ROYER (Deputy Executive Secretary) read the Resolution of the General Assembly and said that the Secretary-General was authorized by the regulations of the United Nations to lend up to that amount of money as required, i.e. he was allowed to make advances only on the basis of cash requirements and not on budget estimates. Any saving in the expenditure of the Interim Commission accrued, therefore, to the United Nations, rather than to the Interim Commission. With regard to the repayment of the loan, when the advance was made, it was done on condition that it would be repaid within two years, irrespective of the setting up of the ITO, and consequently the Secretary-General had informed the Interim Commission that a formal request to the General Assembly for an extension of the period would

be necessary.

On Paragraphs 2 and 3 there were no comments.

Paragraph 4

The CHAIRMAN read the text of the letter referred to in this paragraph regarding contributions from member States.

Mr. LEWIS (United States) said that for the reasons he had previously explained, his delegation could not agree to a direct contribution now. It seemed to him that Alternative (b) would be most acceptable to the General Assembly.

Mr. RODRIGUEZ (Brazil), Mr. de ALBA (Mexico) and Mr. AED-EL-ABY (Egypt) stated that their Governments were in the same position as the United States.

Mr. REISMAN (Canada) said that while his delegation had no strong views, they were prepared to concur in continuing the procedure of requesting advances from the United Nations. He called attention to the fact that the Secretary-General appeared to anticipate a certain difficulty in getting such an advance from the General Assembly and pointed out that it was therefore the responsibility of countries here to urge their representatives at the General Assembly to support this procedure.

The CHAIRMAN stated that it seemed to be the sense of the meeting that contributions directly from governments would be impracticable and that consequently the meeting should consider the two alternatives set out in paragraph 5.

Mr. THOMMESSEN (Norway) and Mr. POLITIS (Greece) were in favour of Alternative (b).

Mr. REISMAN (Canada) saw no difficulty with Alternative (b) except the word "probably". He thought it unwise to have budget estimates in the least insecure.

Mr. ROYER (Deputy Executive Secretary) said that it was difficult now to foresee the extent of the saving that could be effected by the end of the year but there was a certain amount of elasticity in that all of the money did not have to be repaid in 1950. Consequently he was confident that this amount would cover the requirements. He agreed that Alternative (b) was less clear and legal than Alternative (a) but that it had the advantage of demonstrating to the Assembly that the Interim Commission was spending no more money.

Mr. REISMAN (Canada) thought that it would perhaps be preferable if the Executive Secretary suggested Alternative (b) to the United Nations and if that did not seem acceptable, be authorized by the meeting to return to Alternative (a).

The CHAIRMAN agreed that it was undesirable to tie the hands of the Executive Secretary too much in this matter and thought he should be authorized to explore this question with the United Nations in order to see which was likely to prove the more acceptable.

This was agreed.

Paragraph 6 was agreed.

Paragraph 7

Mr. SHACKLE (United Kingdom) thought that the first conference of the ITO in 1950 should be provided for and wondered whether it was advisable to count on its financing by one member State.

Mr. ROYER (Deputy Executive Secretary) pointed out that the estimate for the first conference was \$125,000 and if Alternative (a) of paragraph 5 were accepted, and in view of a certain amount of flexibility in repayment to the United Nations, the estimate for the first conference might be covered up to the amount of \$91,000. This would leave approximately \$30,000 and he did not think it would be difficult to find this balance elsewhere if the ITO Charter were ratified.

Mr. SHACKLE (United Kingdom) thought this explanation suggested the advisability of preferring Alternative (a) to (b).

The CHAIRMAN said that this point was covered, since the Executive Secretary had been given freedom in dealing with the United Nations in this matter. He inquired whether the United Kingdom wished to press for requesting the United Nations for an advance to cover the first conference.

Mr. SHACKLE (United Kingdom) said he would not if there were reasonable expectations of getting the funds otherwise.

Mr. REISMAN (Canada) thought it inadvisable to try and meet so important a part of the 1950 budget by juggling estimates and that it was more than pessimistic to put forward an estimate which did not contain provisions for the first conference of the ITO.

The EXECUTIVE SECRETARY said that it was difficult to weigh the probabilities of action by the General Assembly but it had not been easy at the last session to get this loan and the problem now was the reluctance of the United Nations to incur liabilities for an organization which might never come into being. On the basis of the replies by governments to the questionnaire concerning ratification of the Charter, he saw no reason for confidence that the conference would take place in 1950 and to put forward the loan request on that basis would seem to him almost like obtaining funds under false pretences.

The CHAIRMAN thought that this matter might be left in abeyance for the time being, since it was probable that funds could be obtained elsewhere.

Annex I was approved. The Budget was approved as a whole.

Mr. ROYER (Deputy Executive Secretary) pointed out two questions arising out of the decision by the CONTRACTING PARTIES concerning the budget. They had requested the Executive Committee to advance the money necessary to finance the additional expenditure in 1949 to be repaid by the contributions of acceding governments for 1949, and they had also decided that instead of the 10% and 50% applied during 1949, 50% and 90% of the amount would be the basis used in 1950. Furthermore, some expenditure not hitherto charged to the CONTRACTING PARTIES would be charged to them next year.

This was approved.

2) The Spanish text of the Havana Charter (E/CONF.2/W.16/Corr.1)

The CHAIRMAN summarised the document for the meeting.

Mr. WILLOUGHBY (United States) said that his delegation attached great importance to having an authentic Spanish text, because of the possible delay otherwise for Spanish speaking countries in taking action on the Charter. He considered that the date of August 15 suggested gave too short a period for consideration, but he did not think that the procedure so far used for establishing the text should be entirely abandoned as impracticable. He proposed that a drafting committee be set up with authority to produce an authentic text without referring back to the Interim Commission, and that this drafting committee consist of Mexico, the United Kingdom and the United States, who had already suggested the changes, and any other countries that were interested. He suggested that it should meet on 1 September and produce a text to be deposited with the Secretary-General.

Mr. de ALBA (Mexico) thought that the drafting committee should also contain a French representative in order that an authoritative comparison could be made between the English, French and Spanish texts, and that it should contain several Latin-American representatives. He suggested that it meet in New York concurrently with the General Assembly, as all the countries would be present there. He thought it should be given until the end of the year to produce a text.

Mr. WILLOUGHBY (United States) said that he had also intended to suggest Lake Success for the same reasons as the delegate for Mexico, but he disagreed that it would require so much time. He thought that the technicians might meet first and that their work could be approved by a body of authorised delegates, in which case one month seemed to him adequate.

Mr. LECUYER (France) agreed with Mr. Willoughby.

Mr. GUERRERO (El Salvador) agreed with the delegate of Mexico that December was a more likely date.

Mr. SHACKLE (United Kingdom) agreed that the date of August 15 was impracticable and that there was a real need for an authentic Spanish text. He pointed out that the representative on the drafting committee would need not only linguistic ability but expert knowledge of the Charter.

Mr. de ALBA (Mexico) suggested that the drafting committee consist of the United Kingdom, the United States, France and four Latin-American countries - Mexico, Chile, El Salvador and Colombia. He reiterated that four months seemed to him the minimum time necessary.

The EXECUTIVE SECRETARY stated that his memorandum had not been dictated by unawareness of the need for an authentic Spanish text as soon as possible but rather in order to provoke suggestions as to how that objective could be achieved. He did think that the procedure which had been used hitherto was obviously ineffective since in 18 months it had not been able to produce anything at all. He agreed with the United States suggestion for a drafting committee with authority to establish a text which would then be deposited. To establish a drafting committee that only circulated its text after producing it was useless. If the former method were approved, it would be desirable to invite all Spanish speaking countries to participate and make it clear to them that this was their last opportunity to participate in the production of a Spanish text.

Mr. BURR (Chile) agreed with the United States proposal as modified by the Executive Secretary but suggested that the committee meet on 1 October rather than earlier.

The CHAIRMAN said that there was general agreement on the establishment of a drafting committee with these terms of reference. He stated that the invitation would consequently be sent to the United Kingdom, the United States and France and the sixteen Spanish speaking countries who had signed the Final Act. As to the time of meeting, he proposed that it meet on 15 September for six weeks.

This was agreed.

3) Barriers to the international transport of goods (MT/16/49)

The CHAIRMAN summarised the paper and said that a decision should be taken as to whether the Interim Commission would undertake formal responsibility for dealing with this matter.

Mr. WILLOUGHBY (United States) considered that this was a question of substance and therefore not within the terms of reference of the Interim Commission. He suggested that the replies be kept by the Secretary-General until the ITO were established, or turned over by him to the Interim Commission to hold until the first conference.

Mr. HEWITT (Australia) said that of the recommendations referred to in Document E/CN.2/49, 1 and 4 related to the Transport and Communications Commission and 10 to the International Maritime Consultative Organization. The others, however, were in the field of the ITO and he thought it not inappropriate for the Interim Commission to collate the replies in the interval before the ITO was established.

Mr. CASSIERS (Belgium) considered that there was great interest for the Interim Commission to examine the consular, customs and quarantine formalities, as they did in effect constitute a serious barrier to international trade and were frequently contrary to the Charter. He was therefore in favour of their examination by the Interim Commission to see how far such formalities were in use at the present time.

Mr. LECUYER (France) agreed with Mr. Cassiers and pointed out that this need be only a study.

Mr. POLITIS (Greece) and Mr. RODRIGUEZ (Brazil) agreed that this could be a very useful function of the Interim Commission.

The CHAIRMAN thought that the points of view could be met by authorizing the Executive Secretary to inform the Assistant Secretary-General for Economic Affairs that certain of the matters dealt with in the Interim Commission report were within the terms of reference of the ITO. Since the latter was not set up, they could not be dealt with

in a substantive manner. However, the Interim Commission was prepared to recommend that the subject be placed on the agenda of the first conference and would consider its duty to collect together all the documents relating to the matter in order that it could be discussed at the first conference. He should therefore inform the Secretary-General that the ICITO Secretariat would be prepared to receive and collate the replies from governments on the items within the terms of reference of the ITO.

This was agreed.

4) The CHAIRMAN then raised the question of the application of Chapter VI. It seemed now inappropriate to ask the Working Party which was set up at the last meeting to continue its work on details without some clear statement of decision as to the substance of the matter. That is to say, whether there would be agreement to put Chapter VI into effect.

Mr. de ALBA (Mexico) said that his country did not consider it opportune or necessary to put Chapter VI into effect at the present time, as it would need the approval of the legislature and his Government thought it impracticable to put one chapter separately from the rest of the Charter before the legislature. They were willing, however, to take part in any discussions with a view to solving problems of primary commodities.

Mr. PHILIP (France) spoke now with the instructions of his Government. The French Government was aware that commodity agreements which might be reached to the satisfaction of producers and consumers would not necessarily constitute the only solution to the world problems in the domain of primary commodities. Secondly, they also considered the Havana Charter as a whole and consequently understood the hesitations of the United States delegation in this connection. Thirdly, they were, however, already engaged as contracting parties to respect certain principles of the Charter, including Chapter VI, and therefore it seemed possible to his Government to have an Interim Commission within the framework of the General Agreement to initiate studies on commodity arrangements and to see that they adhered to the principles of the Charter. He thought, therefore, that without insisting

on the application of Chapter VI itself, the necessary action could be taken through the General Agreement.

Mr. WILLOUGHBY (United States) said that when the problem had first been raised, he had expressed misgivings as to whether his Government would be able to take the suggested action. In discussing the Charter and the relation of the Charter to the General Agreement with legislative leaders, the administration had always emphasised that the General Agreement was negotiated under certain executive powers and related solely to tariffs and connected matters, while the Charter, on the other hand, was a much broader document including several other chapters, among them the commodity chapter, and that no action in this respect would be taken without the approval of Congress. The United States Administration would therefore not agree to put Chapter VI into effect even provisionally. The Working Party was considering other alternatives which had not yet been worked out, but it did not seem to his delegation that there would be any modification of the original proposal acceptable to his Government.

Mr. COUILLARD (Canada) said that his Government was opposed to piecemeal application of the Charter. He thought there was actually little danger of commodity agreements contrary to the Charter, as all contracting parties had engaged to observe the principles of Chapter VI and they formed a very large percentage of world trade.

Mr. THOMMESSEN (Norway) said that he had felt the Working Party had been discussing this question on a plane of theories only and that it was time it was realised that the United Kingdom proposal was not possible, as most countries had the same constitutional difficulties. Could not the terms of reference of the Working Party be amended in order that the discussion could take place on a more practical level?

Mr. COELHO (India) said he had had no instructions as yet as he had been awaiting the termination of the Working Party. However, he thought that there had been a general feeling, at least until the statement by the Executive Secretary today, that the Charter would

come into effect within seven or eight months and he wondered whether it was worth setting up yet another inter-governmental body with all the attendant problems of organization and procedure for so brief a period of time. He found it difficult to see clearly the relation of this new body to other organizations now in the commodity field and feared that it would delay ratification of the Charter as a whole.

Mr. HEWITT (Australia) said that he had now received his instructions. His Government felt it was important that international action in the commodity field be taken before, rather than after, the development of difficulties, and it was their view that the action suggested by the United Kingdom to implement Chapter VI would be useful and would lead to the early establishment of a single inter-governmental authority in the field of commodity policy.

Mr. SHACKLE (United Kingdom) said that it seemed to be a majority decision not to pursue the discussion here. However, he thought it would be regrettable if the work done in the last week by the Working Party were completely discarded and proposed that the documents be kept as part of the records of the session as it was possible that they might have to be revived at some later date.

Mr. ABD-EL-ATY (Egypt) said that his Government also was not in a position to apply a part of the Charter separately from another.

Mr. CASSIERS (Belgium) said that at the last meeting the Netherlands had said it would be in a position to sign such a protocol. However, neither Belgium nor Luxembourg could make such a commitment at the present time.

Mr. POLITIS (Greece) was also against the application of Chapter VI.

The CHAIRMAN thought that this had been a useful discussion and suggested that the Working Party take account of the views expressed

here and prepare a report for the records of the Executive Committee.

Mr. COUILLARD (Canada) failed to see any need for the Working Party to continue and to further polish the draft it was elaborating. The papers had all been prepared and there was a draft report which could be used.

The CHAIRMAN proposed then that there should be no further discussion of the question in the Executive Committee and that the draft report of the Drafting Group of the Working Party on Chapter VI be sent to the CONTRACTING PARTIES.

This was agreed and the meeting adjourned at 6.20 p.m.
