

SECOND COMMITTEE: ECONOMIC DEVELOPMENT

DRAFT REPORT OF THE SUB-COMMITTEE ON FOOTNOTE TO  
CHAPTER III ON "RECONSTRUCTION"

1. At the sixteenth meeting of Committee II the Chairman appointed a sub-committee composed of representatives of Australia, El Salvador, France, Mexico, Poland and the United Kingdom with terms of reference as follows:  
"to examine and submit recommendations concerning the footnote to Chapter III on 'reconstruction' appearing at the bottom of page 12 of the Draft Charter" (E/CONF.2/C.2/SR.16).
2. The Sub-Committee held one meeting on 3 January 1948. Mr. C. Novoa, of Mexico, was appointed Chairman.
3. It was noted that the discussion in Committee II had been mainly concerned with the drafting point raised by the delegation of the United Kingdom who had proposed the deletion of the footnote to Chapter III which occurred on page 12 of the English text of the Geneva draft; but that the delegate for El Salvador had also raised the question of substance, whether economic development and reconstruction should be treated on the same footing for the purposes of Chapter III.
4. The majority of the sub-committee were of the opinion that in view of the size and composition of the sub-committee, its terms of reference should be interpreted to include the drafting question only. The delegates for Mexico and El Salvador, however, were of the opinion that the sub-committee should deal with the point of substance also, and in this connection the delegate for Mexico proposed that a new Article should be added at the end of the Chapter stating that as the problem of reconstruction was of a transitory nature it should be treated on the same terms as the problem of development during a limited period only. The delegate of Chile, who was not a member of the sub-committee, associated himself with this view.
5. As regards the drafting question, on which a number of suggestions had been put forward in Committee II, the sub-committee after discussion decided to adopt a proposal of the Polish delegate, namely, to delete the word "reconstruction" wherever it occurred in Chapter III i.e. in Articles 13, 14 and 15 but to retain the words "and where necessary to reconstruct" in Article 9 and to insert the content of the footnote as a new Article at the end of Chapter III. This Article, to be numbered provisionally, 15 A, reads as follows:

/"Wherever .

"Wherever the term 'development' is used in Articles 8 to 15, it is intended also to include 'reconstruction'".

It was also decided to leave the problem of a title for the new Article, to the Central Drafting Committee.

6. The changes in the Geneva Draft of the Charter resulting from the decision cited in paragraph 5 above are listed in the Annex.

ANNEX

The decision to delete the word "reconstruction" from Chapter III of the Geneva text affects Articles 13, 14 and 15 in the following way:\*

Article 13

Paragraph 1

"The Members recognize that special governmental assistance may be required to promote the establishment or development [or reconstruction] of particular industries ....."

Article 13

Paragraph 2 (a)

"If a Member in the interest of its programme of economic development [or reconstruction] considers it desirable to adopt any non-discriminatory measure....."

Article 13

Paragraph 2 (c)

"The Organization ..... shall in its examination have regard to the considerations presented by the applicant Member and its stage of economic development [or reconstruction], to the views presented by Members ....."

Article 13

Paragraph 4 (c)

"If..... there should be an increase..... in the importations of the product or products concerned..... so substantial as to jeopardize the plans of the applicant Member for the establishment or development [or reconstruction] of the industries concerned....."

Article 14

Paragraph 1

"Any Member may maintain any non-discriminatory protective measure which has been imposed for the establishment or development [or reconstruction] of particular industries ....."

Article 15

Paragraph 1

"The Members recognize that special circumstances may

\* [ ] = delete  
    = add

justify new preferential arrangements between two or more countries, not contemplating a customs union, in the interest of the programmes of economic development [or reconstruction] of one or more such countries.

....."