

JOINT SUB-COMMITTEE OF COMMITTEES II AND VI

DRAFT REPORT OF WORKING PARTY NO.3 TO JOINT SUB-COMMITTEE OF  
COMMITTEES II AND VI CONCERNING PARAGRAPH 2 OF NEW ARTICLE 12 A  
PROPOSED BY COLOMBIA

1. At the thirteenth meeting (E/CONF.2/C.2&6/A/W.11) of the Joint Sub-Committee of Committees II and VI, paragraph 2 of new Article 12 A proposed by Colombia (page 28 of E/CONF.2/C.2/9) was referred to Working Party No. 3 with terms of reference to recommend such disposition of the paragraph as it might consider desirable. At the twelfth meeting of the Joint Sub-Committee the Chairman indicated the reasons why he believed that the resolution and redraft of Article 10 contained in the report of Working Party No. 1 (E/CONF.2/C.2&6/A/W.2) and approved by the Joint Sub-Committee at its tenth meeting (E/CONF.2/C.2&6/A/W.7) included the substance of paragraph 2 of new Article 12 A proposed by Colombia. It was suggested that in view of the approval by the Sub-Committee of this report the Colombian delegation might reconsider its amendment. The Colombian delegation, however, indicated that it did not believe that the resolution and the redraft of Article 10 adequately covered the points suggested by it and proposed reconsideration of the matter.
2. The Colombian delegation informed the Working Party that the purpose of the amendment was to empower the Organization to suggest to a Member that in appropriate circumstances the best way of financing its economic development programmes would be by seeking an inter-governmental loan. Article 10, paragraph 2, sub-paragraph (a) (iii) (E/CONF.2/C.2&6/A/W.2 and E/CONF.2/C.2&6/A/W.7) does require the Organization to give advice on the financing of programmes for economic development. It would, therefore, be appropriate for the Organization to make such a suggestion if it considered it to be an appropriate course under the circumstances. Moreover, the resolution involves inquiry into the possibilities of economic development, and into the manner in which foreign capital may contribute to it. It therefore contemplates an examination of the existence of a normal and adequate flow of private international investment at the present time. For these reasons, the Working Party, after reconsideration of the amendment in the light of discussion in the Joint Sub-Committee, came to the conclusion  
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that the substance of the amendment proposed by Colombia was already covered by Article 10 as amended and by the above mentioned resolution. The Working Party also considered that the text adopted by the Joint Sub-Committee in order to incorporate the Turkish amendment into paragraph 2 of Article 10 (see Notes on Fifteenth Meeting of Joint Sub-Committee of Committees II and VI - E/CONF.2/C.2&6/A/W.17) required the co-operation of the Organization with existing inter-governmental financial institutions. Consequently the Organization would be informed as to the existence or lack of a normal or adequate flow of investment capital. It would, therefore, be able to carry out its function of suggesting appropriate means of finance in individual cases.

3. Should, however, the Joint Sub-Committee feel it necessary to amend the resolution, the change set out below might be made. Additions to and deletions from the text set out in Annex C of E/CONF.2/C.2&6/A/W.2 are indicated by underlining and square brackets.

"The United Nations Conference on Trade and Employment, having considered.....

Therefore resolves:

1. That the Interim Commission of the International Trade Organization\* is hereby directed to examine

(i) the powers, responsibilities and activities in the field of industrial and general economic development of the United Nations, of the specialized agencies and of other inter-governmental organizations, including regional organizations;

(ii) the availability of facilities for technical surveys or studies of the natural resources of underdeveloped countries, or of the possibilities of their industrial development, whether general or of particular industries or for the improvement of their systems of transportation and communications [ , or with respect to the manner in which investment of foreign capital may contribute to their economic development ];

(iii) the need for and availability of foreign investment capital in the light of national capital resources; the measures taken to encourage and foster full utilization of national and foreign capital; and the functions which are or may be performed in their proper sphere by inter-governmental financial agencies or agreements in the field of economic development as a means of complementing such national and foreign capital;

\* If no such Commission is formed, a special committee shall be named.

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and in the light of this examination to report to the Organization upon

(a) [(i)] the structure and administrative methods

(b) [(ii)] the working relations with the United Nations, the  
specialized agencies and other inter-governmental  
organizations, including regional organizations

which will enable the International Trade Organization most effectively  
to carry out its positive functions for the promotion of the economic  
development of Members.

2. That the report..... first session."

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