

DRAFT I.T.O. CHARTER

REPORT BY SUB-COMMITTEE ON CHAPTER IV

Note: The texts summarized in this release have not yet been agreed in Commission, where changes may be made.

- Article 9. Importance of Economic Development in relation to the Purposes of this Charter.
- Article 10. Development of Domestic Resources & Productivity.
- Article 11. Co-operation for Economic Development.
- Article 12. Means of Promoting Economic Development.

The texts of the above articles remain substantially the same in intention as in the New York draft of the Charter.

Article 12 A. International Investment for Economic Development.

This new article has been added to emphasize the importance of international capital investment as a means of promoting economic development and consequent social progress and to provide certain rules for the treatment of investments once they have been made. The general intention is for I.T.O. Members to provide within certain limitations the widest opportunities for investment and the greatest security for existing and future investments. Subject to certain restrictions, I.T.O. Members undertake to impose directly or indirectly no requirements on the investments of nationals of other I.T.O. Members which are appreciably more onerous than those which the I.T.O. Member imposes in similar circumstances upon its own nationals or upon nationals of third countries. This is, in effect, the theory of most favoured nation treatment applied to international investment. In addition, I.T.O. Members undertake to make "just"

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compensation if an interest of a national of another Member is taken over by the state or placed under state management or occupation.

Article 13. Governmental Assistance to Economic Development

The main intention of Article 13 is to recognize that special Government assistance may be needed to establish, develop or reconstruct particular industries and that in appropriate circumstances the grant of such assistance in the form of protective measures is justified. The Article has been revised so as to indicate in detail how and when and under what time limits, so as to expedite I.T.O. procedures, an I.T.O. Member may apply for release from I.T.O. obligations in order to impose protective measures of this kind.

Article 13A. Transitional Measures is a new Article which provides for the continuation, pending I.T.O. decision, for a limited time by I.T.O. Members, of non-discriminatory protection which was established before the I.T.O. comes into existence.

Article 13B. Preferential Arrangements for Economic Development is a new Article which recognized that special circumstances may justify new preferential arrangements between two or more countries, in the interest of programmes of economic development or reconstruction in one or more such countries. The countries concerned would have to apply to the I.T.O. to obtain permission for making such arrangements. The Subcommittee considering this article did not agree whether the I.T.O. decision to approve new preferential arrangements under this Article should be by simple majority vote or by two thirds of the Members voting.

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