Note by the Executive Secretary

In accordance with the decision of the Executive Committee taken at the Special Meeting held on 26 November 1950, there is circulated here-with the letter to the Secretary General of the United Nations dated 4 December 1950:

"I have the honour to acknowledge receipt of the letter regarding the loans advanced to the Interim Commission for the International Trade Organization from the United Nations Working Capital Fund, which was addressed to me by Mr. J.A.P. Powers, who attended the Fifth Session of the Contracting Parties in the capacity of observer for the United Nations.

The Executive Committee of the ICITO held a special meeting on the 25 November 1950 to explore the question of repayment of the loans of $166,490 which are due for repayment on or before 21 July 1951. As a result of this meeting, the Executive Committee instructed me to indicate to you the position in which the Interim Commission finds itself at the present time and to transmit practical suggestions regarding the repayment of these loans.

The Executive Committee wishes first to confirm its decision of 1 August 1949 to the effect that any advances received by the ICITO from the Working Capital Fund should be reimbursed to the United Nations by the International Trade Organization, when it is set up and that provision for such reimbursement should be made in the first budget of the Organization.

However, the International Trade Organization can only be set up after the entry into force of the Havana Charter. Under Article 103, the Havana Charter cannot enter into force until 20 instruments of acceptance have been deposited. Another alternative is provided by Article 103, sub-paragraph 2 (b) of the Charter, according to which those governments which have deposited instruments of acceptance could meet in order to determine whether and on what conditions they decide to bring the Charter into force. However, the number of governments having deposited instruments of acceptance is not yet such that any useful purpose would be served by such a consultation.

The Executive Committee therefore concluded that it was still not possible to form any judgment as to when the first ITO Conference might be expected to convene but that it was clearly most unlikely to do so in time for the Organization to be in a position to repay in 1951 advances made in 1948 and 1949.
The Executive Committee, desirous of discharging to the fullest extent practicable the responsibility which it has assumed on behalf of the ITO, has instructed me to apply any assets available to the ICTTO on 21 July 1951 to a partial refund of the advance repayable on or before that date. These assets, which may have the form of cash balances or of unused balances of authorised advances, do not of course include any monies which could be held in trust by me on account of the Contracting Parties to the General Agreement on Tariffs and Trade on that date. It is estimated that, on this basis, a partial repayment of about $100,000 could be made in 1951.

In view of the delays in the ratification of the Havana Charter, the Executive Committee does not propose to request from the United Nations Working Capital Fund any further advances which would have the effect of increasing the financial responsibilities of the ITO. The decision taken by the Executive Committee in this respect will be reviewed if and when the Havana Charter has entered into force, or is about to enter into force, and the Executive Committee accordingly is able to make active preparations for the holding of the first Conference of the International Trade Organization.

The Executive Committee has asked me to convey its sincere hope that the practical suggestions set forth here will be found acceptable by you and the General Assembly of the United Nations in view of the exceptional circumstances in which the Interim Commission finds itself at the present time.

The Executive Committee would also be grateful if the Secretary-General and the General Assembly could consider sympathetically any request for advances which it may make later on if it decides that the time has come to prepare for the holding of the first ITO Conference.

Finally, I wish to express the gratitude of the Executive Committee for the consideration and assistance which you have afforded to the Interim Commission for the International Trade Organization since its inception.