SCOPE OF THE AGREEMENT

All delegates that have spoken on the subject agree that an organization should be established on a more formal basis than at present. The Czechoslovak delegate suggested (SR.9/18) that in establishing the new organization, account should be taken of the decisions of the Economic and Social Council regarding the establishment of an International Trade Organization.

Statements have been made that the new organization should be empowered to consider all problems connected with its main theme. The insertion has been proposed of an enabling clause for this purpose, and to make possible the conclusion of supplementary agreements under the aegis of, but outside the General Agreement, by those contracting parties who so desire: (Australia, Canada, India, Indonesia, New Zealand, Norway, United Kingdom – SR.9/18 and 19). Other delegations have suggested that the General Agreement itself be extended by including provisions relating to matters at present not covered in it. The specific proposals to this effect are referred to elsewhere in this analysis.

The delegates of Canada, India, South Africa, the United States (SR.8/18 and 19) and Italy (GATT/183) have called attention to the danger of including so much within the Agreement as to jeopardize its effectiveness and dissipate its activities.

If it were decided to incorporate in the General Agreement itself provisions dealing with additional subject matter, it would be necessary to request the CONTRACTING PARTIES to establish machinery for drafting these provisions at this Session. Accordingly it is suggested that the Working Party deal with this question as the first item on its agenda. The Working Party might consider the matter on the following basis:

1. What should be the scope of the activities of the proposed organization?

2. If it is considered that subjects not at present dealt with in the General Agreement should be brought within the scope of the proposed organization, should this be effected:
(a) by giving the proposed organization terms of reference enabling it to take up these additional matters with a view to proposing supplementary agreements in the future for submission to members for their consideration in accordance with their constitutional procedures, or

(b) by proposing in the Review substantive amendments to the General Agreement.

Proposals for Additional Provisions

1. Powers and Objectives

Norway proposes that the statement of purposes and objectives, presently contained in the Preamble, be embodied in a new first Article (L/276, page 2, and SR.9/18). Indonesia supports this proposal (SR.9/19).

Norway also proposes a new second Article, adapted from Havana Charter Articles 3 and 4, concerning general obligations (L/276, page 2).

Chile has suggested the inclusion of some of the principles contained in Articles 3, 4, 6 and 8 of the Havana Charter (L/272, page 3).

(See also below: "Employment").

2. Employment

New Zealand proposes the inclusion of provisions along the lines of Havana Charter Articles 2:1 and 3 and 4:2 and 6 (L/270, page 2 and SR.9/19).

France supports this proposal (SR.9/19).

Pakistan, in its opening speech, suggested the inclusion of "such provision of the Havana Charter which hold out hopes of better conditions of life and fuller employment" (Press Release GATT/179, page 1).

3. Restrictive Business Practices

Germany proposes the insertion of five new articles based on Chapter V of the Havana Charter and on the proposals of the Ad Hoc Committee on Restrictive Business Practices of the Economic and Social Council (L/261/Add.1, page 43).

Norway and Sweden submit the provisions proposed by the Ad Hoc Committee on Restrictive Business Practices as a basis for discussion regarding the inclusion of provisions on this subject in the new Agreement (L/283).
The United Kingdom and United States stated (SR.9/19) that, since the proposals of the Ad Hoc Committee were presently before the United Nations, it was premature to bring this matter within the scope of the Agreement. The United Kingdom added that, if it were eventually decided that implementation of such an agreement could best be undertaken by GATT, this would be possible through an enabling clause.

4. Commodities

Various proposals and statements in favour of making some provision for commodities have been made: Australia (SR.9/19, L/274), Brazil (SR.9/19), Ceylon (GATT/177), Chile (SR.9/18, L/272), Cuba (GATT/201), Dominican Republic (GATT/197), France (SR.9/19), Pakistan (GATT/179), Rhodesia and Nyasaland (GATT/180), United Kingdom (SR.9/19, GATT/174), Yugoslavia (GATT/203) and the International Federation of Agricultural Producers (Sec/119/54).

These proposals include:

(a) the incorporation of new articles in the Agreement, either Chapter VI of the Havana Charter itself or articles based thereon: Chile (L/272, page 1, and GATT/202), Cuba (SR.9/19), the Dominican Republic (GATT/267) and IFAP (Sec/119/54). Chile also suggests the inclusion of the relevant parts of Havana Charter Article 72.

(b) the conclusion of a supplementary agreement relating to commodity policy: (United Kingdom - SR.9/19 and GATT/174).

(c) the inclusion of an enabling clause that would permit the drawing up of supplementary commodity agreements among those contracting parties who so desired, and with non-members (Australia, India, New Zealand - SR.9/19).

(d) that the Organization should be empowered to study principles which should form the basis of commodity agreements and co-ordinate, review, and/or supervise the work of existing bodies in this field (France, India, Indonesia - SR.9/19, Chile - SR.9/18, Rhodesia and Nyasaland - GATT/180).

The United States stated that it did not believe new machinery was required in the field of commodity policy (SR.9/19).

Indonesia stated that it did not believe that it was yet possible to draw up detailed rules and that other bodies should interfere as little as possible with the work of the United Nations Advisory Commission on International Commodity Trade (SR.9/19). They thought it might, however, be useful for the new organization to review at some time the commodity field (see above (d)). Indonesia also proposes that Article XX:1(h) be retained and a reference added to the United Nations Advisory Commission. See also the Secretariat Note, L/139/Add.2.
Australia stated that if no authority in this field were granted to the new organization, they would press for the deletion of Article XXIX and referred to aspects in which the Havana Charter Articles seemed to them deficient (SR.9/19 and Press Release GATT/184). Indonesia also stated that Article XXIX binds international commodity conferences too tightly to the Havana Charter provisions (GATT/195).

5. International Investment for Economic Development

Chile proposes the insertion of the essential provision of Havana Charter Article 12 (L/272).

The Yugoslav observer referred (GATT/203) to the need to solve the problem of international financing. Norway also referred to international capital movement (SR.9/15).

6. Double Taxation: Germany and Chile (L/261/Add.1, page 52 and L/272).

7. Transport Insurance: Germany, supported by Sweden (L/261/Add.1, page 42 and GATT/186).

N.B. Item 16 of the Agenda of the Ninth Session relates to discrimination in transport insurance. A report will be distributed by the Executive Secretary.


11. Relations with Non-Members

The Secretariat Note (L/189/Add.2) called attention to the possible need for this matter to be studied by the Organization. This was referred to by the delegations of Austria and Czechoslovakia (SR.9/18).

(Note: a further paper will be issued on the proposals relating to legal, administrative and organizational questions, and relations with other bodies).