The President drew attention to the great loss which humanity had suffered in the death of Mohandas K. Gandhi.

On behalf of the representatives of the Near and Middle Eastern countries, Mr. DJEBBARA (Syria), expressed the profound sorrow which Gandhi's death had caused. His whole life had reflected the triumph of the spirit over violence and had been devoted exclusively to the good of others. It was tragic that he was no longer alive to lead people to peaceful and humanitarian solutions but his spirit would survive and would serve as a guide to all men.

Mr. MALIK (India) expressed the deep gratitude of his delegation for the sympathy and kindness which had been shown at this time of grief and trial. Gandhi had been a true son of India because he had lived for India's ideals of universal brotherhood, tolerance and love. He had also been the father of India because in large part he had made India what it was today. He had belonged to the whole world because of his humanity, not only India but the whole world had need of such as he.

The meeting observed one minute's silence in memory of the passing of a great man.


Mr. CHARLONE (Uruguay) read the statement on behalf of the delegations of Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Mexico, Panama, Peru, Uruguay, and Venezuela.

REPORTS ON THE PROGRESS OF WORK OF THE SECOND, THIRD AND SIXTH COMMITTEES.

Mr. ABELLO (Philippines), Chairman of the Second Committee, said that the Committee had completed the second reading of Articles 8 and 12. The Joint Sub-Committee of the Second and Sixth Committees had practically reached agreement on the texts of Articles 9, 10 and 11. The only substantial issue outstanding
issue outstanding was that relating to the proposal of Mexico for the establishment of an Economic Development Committee, on which a debate had already taken place. That question was closely linked with the question of the Tariff Committee, therefore, the two issues would have to be solved together, and it was expected that agreement would be reached.

The Sub-Committee on Articles 13 and 14 had approved an amended text of part of Article 13 to cover measures inconsistent with a negotiated commitment but not inconsistent with the provisions of Chapter IV. As regards measures in conflict with a non-negotiated commitment, that is with the provisions of Chapter IV, discussions were nearing completion on a draft which would require prior approval but which set forth a more expeditious procedure than that contained in the Geneva draft. The Working Party appointed by the Joint Sub-Committee of the Second and Third Committees was preparing a revised text for Articles 15 and 42, and it was expected that the changes being made in those Articles would satisfy the delegations that had proposed greater freedom for the establishment of new preferential arrangements. Discussions in the Second Committee and in the Sub-Committee, of the amendments proposed to those Articles had been highly constructive, and representatives who held opposing views on the various problems presented had shown an encouraging spirit of conciliation. Mr. Abello felt that agreement could be reached on all Articles of Chapter III by the end of the following week.

Mr. WILGESS (Canada), Chairman of the Third Committee, reported that all of the Sub-Committees appointed by the Third Committee had been making steady and satisfactory progress and should be ready to report by the end of the following week. The Sub-Committees appointed to deal with the last three sections of Chapter IV, namely, those dealing with State Trading, General Commercial Provisions, and Special Provisions, had completed their work. The Sub-Committee on Subsidies should finish in a few days. Thus it might be stated that out of the twenty-eight Articles of the Draft Charter referred to the Third Committee, consideration by the Committee in second reading of eighteen of these Articles should be completed in less than a week from today. The Sub-Committees of the first two sections of Chapter IV, namely, those dealing with the complicated questions of Tariffs, Preferences, National Treatment and Quantitative Restrictions, should be ready to report by the following Saturday on all the matters referred to them. Thus the consideration in second reading by the Third Committee of the remaining ten Articles assigned to it should be possible in the week commencing 9 February.
JOINT SUB-COMMITTEE ON TARIFF PREFERENCES:

The Working Party appointed by the Joint Sub-Committee of the Second and Third Committees on tariff preferences and customs unions was preparing revisions of Articles 15 and 42, and, as the Chairman of the Second Committee had indicated, it was hoped that the changes that were being made in those Articles would be found satisfactory. The Sub-Committee's report on Articles 15, 16 and 42 was expected by the end of the following week.

SUB-COMMITTEE A - TARIFF NEGOTIATIONS, NATIONAL TREATMENT AND FILMS.

Sub-Committee A had approved a redraft of Article 17. The only principal issue on which agreement had not been reached concerned the procedure in the event of the failure of a Member to negotiate for the reduction of tariffs and elimination of preferences. On paragraph 3 the Sub-Committee, acting jointly with the Sub-Committee of the Sixth Committee on Article 81 (Tariff Committee), had established a working party to consider what organizational machinery would be required to implement the provisions of Article 17. It was anticipated that all those differences of opinion would be resolved.

Articles 18 and 19 had been referred to working parties, a provisional redraft of Article 18 had been formulated, which it was believed would be acceptable to most of the Members of the Sub-Committee, and it was anticipated that differences of opinion regarding Article 19 could be resolved. The Sub-Committee's report should be ready a week from today.

SUB-COMMITTEE B - NON-DISCRIMINATION IN SERVICES

Opinion had been divided in the Sub-Committee dealing with the Norwegian proposal for a new Article (18 A) to prevent discrimination in the shipment and insurance of imports and exports, but there was some prospect that an acceptable solution would be found.

SUB-COMMITTEE C - GENERAL COMMERCIAL PROVISIONS

Sub-Committee C on Articles 32 to 39 had reported to the Third Committee that morning.

SUB-COMMITTEE D - SPECIAL PROVISIONS

The report of Sub-Committee D on Articles 40, 41 and 43 was completed and the Third Committee would deal with it at the first opportunity.

SUB-COMMITTEE E - GENERAL ELIMINATION AND NON-DISCRIMINATORY ADMINISTRATION OF QUANTITATIVE RESTRICTIONS.

The nine Working Parties of Sub-Committee E on Articles 20 and 22 were completing their work. The proposals of Argentina and Chile to permit the free use of quantitative restrictions without prior approval for purposes of economic development were still under consideration, but with the possible exception
exception of that one question the Sub-Committee would have its report ready by the end of the following week.

SUB-COMMITTEE F - BALANCE OF PAYMENTS PROBLEMS AND EXCHANGE ARRANGEMENTS

The Working Parties on Articles 21 and 24 were almost ready to report, but owing to the complexity of the problems with which it was dealing the Working Party on Article 23 had made slow progress and another week might be required for the completion of its report.

SUB-COMMITTEE G - THE SWISS PROPOSAL

The Sub-Committee which was considering the proposal of the Swiss delegation for an important exception to the provisions of Chapter IV was still engaged in analyzing the basic issues involved.

SUB-COMMITTEE H - SUBSIDIES

It was now expected that the differences of views on export subsidies would be resolved and that Sub-Committee H on Articles 25 to 29 would be able to report by the following Wednesday or Thursday.

SUB-COMMITTEE J - STATE TRADING

The work of Sub-Committee J on Articles 30 and 31 had been completed and the report would be presented to the Third Committee within a few days.

Mr. COLBAN (Norway), Chairman of the Sixth Committee, said that the report of the Sub-Committee dealing with the question of the composition of the Executive Board would be submitted to the Sixth Committee on the following Monday morning. The question of voting, which had been mentioned in the Executive Secretary's note, was also on the agenda of that meeting. The Sub-Committee dealing with Articles 89, 90 and 91 relating to the procedure to be followed for the settlement of differences and the way in which recourse might be had to the International Court of Justice, was still examining those problems. Article 93 - relations with non-Members - was being considered by a Sub-Committee, and Mr. Colban emphasized that as no agreed proposal on this subject had been put forward by the Preparatory Committee, it was quite natural that there would have to be a considerable exchange of views before a solution was reached. The working party set up to examine the problem of an Interim Commission of the ITO was making considerable progress. The Sub-Committee which would deal with Article 1 of the Charter would have to defer the final drafting of that Article until the final shape of the Charter was known.

Mr. WILCOX (United States) said that he would like to speak first about the significance of the achievement of this conference to date. In Chapter II of the Charter a document had been completed which involved the first international recognition of the relation between domestic stabilization policy...
and international trade policy, between domestic labour standards and competitive situations in international trade and the first commitment on the part of governments to maintain domestic employment and domestic labour standards in the interest of maintaining an improved relationship in international trade.

In Chapter V of the Charter, had been completed the first approach ever made in any international instrument toward international action with respect to restrictive business practices. In Chapter VI of the Charter, had been completed the first international agreement among a group of more than fifty countries on the general principles of commodity policy.

In addition to that, Section E of Chapter IV was now before Committee III, in second reading. Here again there was unprecedented international agreement, dealing first with freedom of transit, a matter which was of particular importance to countries which did not have direct access to the sea and dealing also with such difficult subjects as anti-dumping and countervailing duties, valuation for customs purposes, formalities connected with imports and exports, marks of origin, publication and administration of trade regulations and information statistics and trade terminology. In this area the negotiations among eighteen countries at London were hopelessly snarled and it appeared that agreement was impossible. There was now agreement at Havana among more than fifty countries and that alone in the eyes of some, would have justified the labours of the Conference.

Elsewhere large blocks of work were virtually completed. This was true of Articles 9 to 12 on development and investment, of all but one or two of the remaining sections of Chapter IV on commercial policy, of five of the six sections in Chapter VII; of all of Chapter VIII and of all but one or two Articles in Chapter IX. Matters which appeared at the outset of this meeting to present insuperable obstacles to agreement were now virtually closed. This was the case with Article 12 on investment with Article 17 on negotiations with respect to tariffs and preferences and the related provisions of Article 13 on release from negotiated commitments. This was also true of the question of voting in the I.T.O. Conference and the question of the composition of the Executive Board. This was work which could now be regarded as largely completed and it narrowed down the important questions which remained open to a very few points.

First, there were the related questions of the Tariff Committee and the Economic Development Committee. Secondly, there was the question of the use of quantitative restrictions for protective purposes which was raised in Articles 20 and 13. Thirdly, there was the problem of new preference customs unions and free trade areas which was raised in Articles 15 and 42.

/In each case,
In each case, the lines along which a solution to these problems might be found already had been clearly indicated; in the case of the Tariff Committee and the Economic Development Committee along the lines of a note circulated this morning by the delegations of Australia, Mexico and the United States (document E/CONF.2/W.15); in the case of release from non-negotiated commitments under Article 13, along the lines of a compromise draft prepared by the delegation of Brazil; in the case of new preferences, customs unions and free trade areas, along the lines suggested by the delegations of Poland, Lebanon and Syria and developed further by the Chairman of the Working Party, the representative of France.

There were three other matters on which unfortunately the work of the Conference was not so far advanced; balance of payment problems, relations with non-members, and the determination as to how the trade of occupied areas was to be fitted into the general pattern of world trade. These problems presented their difficulties but they were not insoluble.

In connection with the proposal made by the sixteen delegations from Latin-America, Mr. Wilcox passed over without comment certain statements made in the communication with respect to matters on which the position of his delegation was well known. He read, however, the paragraph which presents the proposal itself, which began with the words "It seems to us ...:"

The proposal was similar to one which had been made by the Executive-Secretary of the Conference two weeks earlier. He had opposed the proposal at that time on the grounds that it might retard, rather than advance the work of the Conference. Now, however, the proposal appeared with the authority of sixteen delegations. He still felt that the proposed co-ordinating group might add a fifth wheel to a machine that already was operating at a good rate of speed and with a fair degree of efficiency. Many delegations were apprehensive that such a group might be tempted to go back over ground that had already been covered and re-open questions that were now regarded as closed. They also feared that it might obstruct rather than facilitate the current work of the main Committees, Sub-Committees and Working Parties of the Conference.

However, that was not the purpose of the sponsors of the project as their letter explicitly said: "A special group ... which would collaborate in seeking harmonious solutions of specific problems. Thus, instead of the work of the organs of the Conference being interrupted, the group ... would help to find formulas of agreement which ... could only result in facilitation of the work of these organs...".

On that basis, his delegation had come to the conclusion that the proposal should be accepted not because further conference machinery was really necessary or desirable but because the proposal was a reasonable one and the very fact that it had been advanced in the name of sixteen delegations afforded
afforded sufficient justification for its acceptance.

Mr. Wilcox then presented the following motion:

"1. That this meeting of Heads of Delegations approve in principle the creation of a co-ordinating group and

2. That the General Committee of the Conference be instructed to proceed forthwith to make such detailed provision as may be necessary for its establishment."

The CHAIRMAN, replying to Mr. ZORLU (Turkey), said that any proposals made by the General Committee regarding membership of the co-ordination group would be submitted to the meeting of Heads of Delegations for the latter's consideration.

The motion submitted by the delegation of the United States of America was approved.

The meeting rose at 4.15 p.m.