With reference to document E/CONF.2/25 of 3 January, there are attached hereto reports from the Chairmen of the six committees, concerning issues outstanding in the work of the Conference as of 12 January.

The list of the principal unresolved issues as given by the Chairmen, is as follows:

1. Prior approval for release from non-negotiated commitments for the purposes of economic development (paragraph 3 of Report of Committee II and paragraph 6 of Report of Committee III).
2. Prior approval for the introduction of new preferential arrangements (paragraph 4 of Report of Committee II and paragraph 1(a) of Report of Committee III).
3. The composition of the Executive Board of the International Trade Organization (paragraph 4(a) of Report of Committee VI).
4. The establishment of an Economic Development Committee (paragraph 1 of the Report of Committee II and Paragraph 4(b) of the Report of Committee VI).
5. The composition of the Tariff Committee and its role in the Organization (paragraph 2 of the Report of Committee III and paragraph 4(c) of the Report of Committee VI).
6. The extent to which recourse to the International Court of Justice from decisions of the International Trade Organization should be permitted (paragraph 4(d) of the Report of Committee VI).
7. Relations with Non-Members (paragraph 4(e) of the Report of Committee VI).

Without prejudice to the normal continuation of the work of the Conference in the sub-committees which have been established, it is suggested that the General Committee may wish to consider the possibility of appointing a small group of representatives who would, in their personal capacity and acting as conciliators, consult with the parties mainly interested in each principal issue.
principal issue in an endeavour to find a compromise formula that would be generally acceptable. Should this procedure commend itself to the Committee, the President could appoint this informal committee, which would carry on its activities parallel to the regular work of the Conference. The members of such a group would be appointed on the basis of their personal competence in matters pertaining to the Charter and they would be expected to carry out their functions with the utmost objectivity.

The General Committee will, doubtless, wish to consider not only how these principal issues are to be resolved but also what steps might be taken to expedite the completion of work on other issues mentioned in the reports of committee Chairmen which might otherwise delay the conclusion of the Conference even though individually these issues may not be of the same order of importance. In this connection, the General Committee will have noted the information contained in document E/CONF.2/BUR/23 concerning the termination of the work of the Conference.
FIRST COMMITTEE

The First Committee has completed the first and second readings of Chapter II and has approved a text for that Chapter which is now being examined by the Central Drafting Committee.

All amendments relating to the Chapter have been dealt with either in the text or in the related Resolution on Employment, with the possible exception of amendments proposed by the delegation of Norway concerning price stabilization and the prevention of inflationary developments. The Committee has recognized the right of the delegation of Norway to raise these questions again if it deems such a course necessary after related articles have been examined by the appropriate Committees.
1. The Joint Sub-Committee of Committees II and VI held its fourteenth meeting on 12 January. As at that date provisional decisions had been taken on a large number of amendments and proposals relating to Articles 9, 10 and 11 of Chapter III referred to it and no major issues remained to be dealt with as regards these amendments. However, the Mexican proposal for the establishment of an Economic Development Committee, which the Joint Sub-Committee was instructed to examine in the light of conclusions reached regarding the positive functions of the Organization, had not yet been discussed and no agreement had therefore been reached on this issue. It is anticipated that consideration will be given to the Mexican proposal during the week commencing Monday, 12 January. When this issue was discussed at the fifth meeting of Committee VI there was some disagreement as to whether an Economic Development Committee as proposed by the Mexican delegation would be the best form of machinery to enable the Organization to carry out its positive functions. There was also some discussion as to the possibilities of overlapping with other international organizations. It is anticipated however that agreement can be reached on this issue.

2. Sub-Committee B of Committee II had held four meetings as of 12 January. At the fourth meeting a substantial redraft of the first and second paragraphs of Article 12 was unanimously accepted as the basis of discussion without prejudice to returning to the Geneva Draft in case agreement cannot be reached on the basis of the redraft. However, it is considered that on the basis of the redraft agreement on the Article can be reached in the sub-committee within a reasonable time.

3. Sub-Committee C of Committee II dealing with Articles 13 and 14, held its fourth meeting on 12 January 1948. The Sub-Committee had at that date discussed only release from obligations assumed through negotiations pursuant to Chapter IV and no agreement had been reached. The previous division of opinion was principally as to whether or not there should be prior approval by the Organization before measures in conflict with obligations incurred through Chapter IV could be adopted in accordance with Article 13. There would appear to be stronger support for prior approval in the case of release from obligations assumed through negotiations than in the case of release from other obligations incurred pursuant to Chapter IV. At the fourth meeting of the Sub-Committee it was decided to set up a working party to examine the issues with regard to negotiated commitments and in particular proposals of the Brazilian delegation to make the procedure more confidential and more expeditious. It is possible that by the isolation of the different problems involved
problems involved an atmosphere of better understanding may develop and it may be possible to reach agreement in Sub-Committee with regard to negotiated commitments. It is not possible to say whether there is a prospect of agreement in the Sub-Committee as regards non-negotiated commitments or whether the issue will have to be settled in Committee II.

4. As of 12 January the Joint Sub-Committee of Committees II and III had devoted ten meetings to the discussion of proposals regarding new arrangements for preferential tariffs. A Working Party had just been appointed to examine the proposals in detail and to attempt to reach agreement on all issues. Numerous minor questions will undoubtedly be settled by the working party or in Sub-Committee but the major problem of the right to introduce new preferential arrangements, without the prior approval of the Organization, may have to be referred to Committees II and III.
THIRD COMMITTEE

1. Article 16
   (a) Tariff Preferences

   The Joint Sub-Committee of Committees II and III has devoted ten meetings to a discussion of the proposals for new preferential arrangements under Article 16 and the amendments to Articles 15 and 42. A Working Party has been appointed to examine the proposals in detail and to attempt to reach agreement on all the issues. Numerous minor questions will undoubtedly be settled by the Working Party or in Sub-Committee, but the major problem of the right to introduce new preferential arrangements, without the prior approval of the Organization, may have to be referred to Committees II and III.

   (b) Preferential Quantitative Arrangements

   The proposals concerning the contractual agreements between the United Kingdom and the Governments of Canada, Australia and New Zealand in respect of meat, which are mentioned in Annex A, have been referred by Sub-Committee A to a Working Party and there is reason to expect that agreement will be reached.

2. Article 17

   Sub-Committee A has completed its examination of the proposals on Article 17 and a Working Party is formulating a redraft of the Article. The only question that can be described as a major issue is what body shall be competent to determine whether a Member has failed to fulfill its obligation to enter into and carry out negotiations directed to the substantial reduction of tariffs and other charges and to the elimination of preferences; and, if it is agreed that the Tariff Committee shall be the competent body, whether the right of appeal against Tariff Committee decisions shall be specifically provided, e.g., to the Executive Board and/or Conference or to a specially constituted body. Sub-Committee A contemplates consultation with the Sub-Committee of Committee VI on Article 81 (the latter has suspended meetings pending availability of Sub-Committee A's report on Article 17), and there seems to be a fair prospect that the differences of opinion will be resolved.

3. Article 18

   Sub-Committee A has just begun its examination of the proposals on Article 18, and it would be premature to forecast what the major issues are. Numerous problems have arisen or may arise in connection with differential internal taxation and regulation for protective purposes, including:

   (a) the definition of differential internal taxes;

   (b) whether discriminatory internal taxes should be eliminated outright or made subject to elimination by negotiation in accordance with the procedure...
with the procedure laid down in Article 17;
(c) whether new or increased internal taxes for the purpose of providing protection to directly competitive or substitutable products should be precluded;
(d) whether certain discriminatory taxes imposed by local authorities for revenue purposes may be maintained, either under Article 17 or Article 99;
(e) the proposal that Article 18 shall not preclude domestic price stabilization arrangements involving the imposition of charges on imported products; and
(f) whether the limitations on the use of mixing and processing regulations should be retained.

It is considered probable that at least most of the differences of opinion can be resolved in the Sub-Committee.

4. Article 18 A

The Norwegian proposal for a new Article to prevent discrimination in the shipment, insurance, etc. of imports and exports has been referred to a special Sub-Committee. Opinion within this Sub-Committee is so far evenly divided and attempts to revise the proposed Article in a form that would be more generally acceptable await the conclusion of the work of Committee IV.

5. Article 19

Proposals relating to this Article have not yet been discussed in the Sub-Committee.

6. Articles 20 and 22

Sub-Committee E has examined the proposals on Article 20. The most far-reaching proposal, that the whole Article should be deleted, did not receive sufficient support to warrant serious consideration. The proposals to permit the free use of quantitative restrictions, without prior approval, for purposes of economic development are still under consideration, but this is a problem which concerns Committee II as well as Committee III. It seems unlikely that there will be any issues arising out of Articles 20 and 22 and falling clearly under the jurisdiction of Committee III that cannot be resolved in Sub-Committee.

7. Articles 21, 23 and 24

These three Articles have been referred to Sub-Committee F. A proposal for an extensive revision of these Articles has been submitted to the Sub-Committee and there will no doubt be lengthy discussions on several important points, particularly on Articles 23 and 24. Article 23 has so far not been discussed by the Sub-Committee. Some countries fear that under the present provisions they will be compelled to abandon at an early date certain discriminatory practices which they believe may be essential to their economy over a much longer period; and there is not universal agreement on how far the terms and
the terms and conditions of bilateral agreements should be limited after the transition period. Although the problems are of great complexity and difficulty there is at present no reason to think that the various views are irreconcilable. The main issue in Article 24, apart from the proposal by Argentina to delete the Article, is the division of responsibility between the Organization and the Monetary Fund. The main differences of opinion (particularly on Article 24) arise between countries which were Members of the Preparatory Committee and it is not too optimistic to hope that agreement can be reached before the Sub-Committee is required to conclude its work.

8. Articles 25 to 29

The Section on Subsidies has been referred to Sub-Committee II. Export subsidies on primary commodities present problems which will not be easy to resolve; but there is hope that agreement will be reached in the Sub-Committee.

9. Articles 30 and 31

Sub-Committee J on state trading should not require more than three or four meetings, and there does not appear to be any issue of major importance arising from the proposals on these two Articles.

10. Articles 32 to 39

Sub-Committee C has held thirteen meetings but has not thus far encountered any problem which is unlikely to be resolved. It is possible that the Articles on Anti-Dumping Duties, Valuation and Marks of Origin cannot be amended in such a way as to suit every delegation, and yet these differences of opinion could not be described as major points of disagreement.

11. Articles 40, 41 and 43

Sub-Committee D has held four meetings and so far there does not seem to be any problem incapable of solution. Two or three more meetings may be necessary to reach agreement on all outstanding points.

12. The Swiss Proposal

Finally, Committee III has considered the proposal of the Swiss delegation for an important exception to the provisions of Chapter IV. This has been referred to a special Sub-Committee and it is too early to predict whether or not agreement will be reached on this issue.

Conclusion

In summing up this report, it can be said that when all Sub-Committees have completed their work, there may not be more than two major unresolved issues arising from the proposals on Chapter IV. One could be the question of prior approval for new preferential arrangements, and another could be the question of prior approval for the use of quantitative restrictions for purposes of economic development. Both of these, however, are closely related to the work of Committee II.
FOURTH COMMITTEE

The Sub-Committee of Committee IV has dealt with all amendments related to Chapter V, and submitted its report to that Committee on 10 January 1948.

In three meetings held since then, the Committee has read and approved the new text of Chapter V, except the last two Articles, i.e. Articles 50 and 51, which will be considered at its next meeting on 14 January.

The following delegations have reserved the position of their Governments:

Norway, France and Sweden in regard to Article 50, pending the final decision on Article 18-A, proposed by the delegation of Norway in another Committee.

India, Ceylon, Pakistan and Venezuela on Chapter V, and particularly on Article 50, pending the final disposal of Article 18-A.

Argentina in respect of Article 50, and in regard to the inclusion of "public commercial enterprises" within the scope of Chapter V.

The first paragraph of Article 50 has been amended, and Article 51 has been completely redrafted (see document E/CONF.2/C.4/5).
The Fifth Committee has been able to reach a decision on all amendments proposed to Chapter VI. However, one question remains to be considered by the Committee and formal reservations on three decisions of the Committee may be raised in Plenary Session.

1. The Committee has yet to consider the recommendation of the Joint Sub-Committee of Committees V and VI concerning the text and location in the Charter of an exception on national security in relation to inter-governmental commodity agreements. The principle that there should be such an exception has been accepted by the Committee.

2. The following formal reservations have been recorded against the revised text of Chapter VI as so far agreed by the Committee:
   (a) Article 54 (c) - reservation recorded by the delegations of Cuba and Chile;
   (b) Article 60 (a) - reservation recorded by the delegations of Cuba and Chile.

   Note: The delegation of Cuba has circulated a statement related to its reservation on Articles 54 (c) and 60 (a) - document E/CONF.2/C.5/13

   (c) New Article proposed by Colombia - reservation recorded by the delegations of Colombia, El Salvador and Guatemala against decision to reject.
SIXTH COMMITTEE

1. The Sixth Committee was directed to examine Chapters I, VII, VIII and IX of the Draft Charter.

2. The Committee concluded its first reading on 5 January 1948, and agreed or came near to agreement upon the text of twenty out of a total of thirty-three articles. Certain amendments were reserved for consideration at second reading.

3. During its first reading the Committee set up twelve sub-committees. Four of these sub-committees finished their work in time to have their reports accepted during the first reading. The other eight sub-committees are still functioning. One of these was constituted as a Joint Sub-Committee of the Second and Sixth Committees, another for a limited purpose, as a Joint Sub-Committee of the Fifth and Sixth Committees.

4. The principal unresolved issues in these sub-committees are as follows:
   (a) the composition of the Executive Board. The sub-committee dealing with this problem will submit its report in about a week's time. It is still too early to say whether or not the difficulties encountered will be overcome.
   (b) the establishment of an Economic Development Committee as proposed by the delegation of Mexico. This proposal will be discussed by the Joint Sub-Committee of the Second and Sixth Committees within a few days.
   (c) the composition of the Tariff Committee and its role in the Organization, that is, whether or not it is to be subordinate to the Conference. The sub-committee concerned with these questions has suspended its work pending completion of the preparation of Article 17.
   (d) the extent to which recourse to the International Court of Justice from decisions of the Organization should be permitted. This issue has not yet been brought out in discussion but seems certain to emerge within the next week.
   (e) relations with non-Members. The sub-committee considering this problem has only just begun its work.

5. It must be emphasized that the issues reported above are only those of principal importance which are confronting the Sixth Committee at the present time.