JOINT SUB-COMMITTEE OF COMMITTEES II AND VI

REPORT OF WORKING PARTY NO. 3 ON THE CHILEAN AMENDMENT TO PARAGRAPH 2 OF ARTICLE 11, THE AFGHANISTAN AMENDMENT TO PARAGRAPH 3 OF ARTICLE 11 AND THE PAKISTAN AMENDMENT TO PARAGRAPH 2 OF ARTICLE 10

1. The Joint Sub-Committee of Committees II and VI referred the following amendments to Working Party No. 3 at its twelfth meeting. (see E/CONF.2/C.26/A/W.9):

   (1) Chilean amendment to paragraph 2 of Article 11  
       (page 9 of E/CONF.2/C.26/A/W.9)

   (2) Amendment proposed by Afghanistan to paragraph 3 of Article 11  
       (page 10 of E/CONF.2/C.26/A/W.9)

   (3) Pakistan amendment to paragraph 2 of Article 10  
       (page 3 of E/CONF.2/C.26/A/W.9)

2. It was agreed that the following additional sub-paragraph in paragraph 3 would enable the Organization to act in the way envisaged in the three amendments. The additions and deletions indicated in the text below by underlining and square brackets respectively refer to changes from the text contained in E/CONF.2/C.26/A/W.3 as amended by the Joint Sub-Committee at its ninth (E/CONF.2/C.26/A/W.10) and fourteenth (E/CONF.2/C.26/A/W.13) meetings.

   "3. The Organization may in such collaboration with other inter-governmental organizations as may be appropriate:

   (a) make recommendations for and promote bilateral or multilateral agreements on measures designed:

       (i) to assure just and equitable treatment for the enterprise, skills, capital, arts and technology brought from one Member country to another;

       (ii) to avoid international double taxation in order to stimulate the flow of foreign private investments;

       (iii) to facilitate an equitable distribution of skills, arts, technology, materials and equipment.

   (b) formulate and promote... investment".

3. The Committee felt that this text would enable the Organization to make recommendations
recommendations and promote international agreements to assist countries encountering difficulties as a result of shortages.

4. The Committee considered that:

(a) the words "facilitate an equitable distribution" made clear that conditions of "shortage" as stated in the Chilean amendment and condition of "short supply" as stated in the Afghanistan amendment were contemplated since if supplies were ample the problem of equitable distribution would not arise;

(b) the promotion of an agreement to facilitate an equitable distribution of skills, arts, technology, materials and equipment, was not restricted by the use to which these facilities were put, i.e. if these facilities were essential to established industries as well as to economic development, the Organization could recommend an agreement in appropriate circumstances;

(c) if the Organization believed that speculation was affecting the equitable distribution of the facilities covered by this Article and it thought that such action was useful and appropriate, it would be able under the terms of the suggested amendment to make recommendations to governments and promote agreements between governments, which provided for the parties to take measures against speculation;

(d) "industrial patents" would be included in the term "technology": consequently, without prejudice to the discussion in the Sub-Committee of the new Article 11 A proposed by Chile, the purpose of paragraph 3 (b) of that proposal may be met by this amendment.