SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT.

REPORT
OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

TO THE ECONOMIC AND SOCIAL COUNCIL

PART A - INTRODUCTION

1. Establishment of the Preparatory Committee
(a) The Economic and Social Council at its First Session resolved on 18 February, 1946 to call an International Conference on Trade and Employment for the purpose of promoting the expansion of production, exchange and consumption of goods. At the same time the Council constituted a Preparatory Committee to elaborate for the Conference an annotated draft agenda, including a draft convention, taking into account suggestions which might be submitted by the Council itself or by any Member of the United Nations.
(b) The Council also charged the Preparatory Committee with presenting recommendations regarding the date and place of the Conference on Trade and Employment and which states, if any, non-Members of the United Nations, should be invited to the Conference.

2. Stages in the Work of the Preparatory Committee
(a) The First Session of the Preparatory Committee was held in London from 17 October to 26 November, 1946. In the course of this Session a draft Charter for an International Trade Organization was prepared and embodied in a report which was distributed as
(b) The First Session appointed a Drafting Committee to meet as soon as possible after the First Session for the purpose of editing the draft Charter produced in London. The Drafting Committee met in New York from 20 January to 25 February, 1947 and recorded the results of its work in a report which was distributed as Document E/PC/T/34 and later published.

(c) The Second Session of the Preparatory Committee began on 10 April, 1947, at Geneva and it is hoped that it will conclude its work not later than 15 August, 1947. In view of the desirability of holding the Conference on Trade and Employment as soon as possible, this Report has been prepared before the conclusion of the work of the Preparatory Committee for consideration at the Fifth Session of the Economic and Social Council. A full report of the Second Session will be published immediately after the end of the Session.

3. Participants in the work of the Preparatory Committee

All members of the Preparatory Committee (1) with the exception of the Union of Soviet Socialist Republics took part in the work of the First and Second Sessions and of the Drafting Committee. The Union of Soviet Socialist Republics indicated that it did not feel able to participate in the work of the Preparatory Committee as it had not found it possible to devote sufficient preliminary study to the important questions which were the subject of the Committee's discussion.

(1) The members are:

Australia, Belgium-Luxembourg, Brazil, Canada, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon, Netherlands, New Zealand, Norway, Union of South Africa, Union of Soviet Socialist Republics, United States, United Kingdom.
Two specialised agencies (1) and two other inter-governmental organizations (2) were actively associated with all the proceedings and many Members of the United Nations non-Members of the Preparatory Committee (3) and some non-governmental organizations in Category "A" (4) sent observers who from time to time gave the Committee the benefit of their views.

(1) The Food and Agriculture Organization and the International Labour Office.

(2) The International Bank for Reconstruction and Development and the International Monetary Fund.

(3) Colombia, Denmark, Mexico, Peru, Poland and Syria sent observers to the First Session; Colombia and Mexico to the Drafting Committee, and the following countries to the Second Session, in addition to those represented at the First Session:-

Afghanistan, Argentina, Ecuador, Egypt, Greece, Iran, Saudi-Arabia, Sweden, Turkey, Uruguay, Venezuela, Yugoslavia.

Syrian representatives attended the Second Session as part of a delegation representing the Syro-Lebanese Customs Union in the tariff negotiations.

(4) The organizations were:-

PART B — RECOMMENDATIONS OF THE PREPARATORY COMMITTEE

1. Annotated Draft Agenda and Convention for the Conference on Trade and Employment

The Preparatory Committee adopted the topics suggested by the Economic and Social Council in its resolution as the substance of its agenda for the preparation of the draft Charter for an International Trade Organization. As at present drafted the Charter includes chapters under the following headings:

- Employment and Economic Activity
- Economic Development
- General Commercial Policy
- Restrictive Business Practices
- Inter-Governmental Commodity Arrangements

Together with provisions relating to organization, membership and other miscellaneous matters.

The Preparatory Committee recommends that these headings should be adopted by the Conference on Trade and Employment as the substance of its agenda and that the relevant chapters of the draft Charter should be taken as the principal working paper under each heading. As additional annotations to the agenda there will also be available the Reports of the First and Second Sessions of the Preparatory Committee and of the Drafting Committee. The Reports of the First Session and of the Drafting Committee are annexed hereto as Annexures A and B respectively. The three Reports will indicate to the World Conference the development of the discussions leading to the text of the draft Charter submitted by the Preparatory Committee.

2. Date and Place of the Conference on Trade and Employment (See annexure C).

In arriving at a recommendation as to the date on which the Conference should be convened the Preparatory Committee has been
much impressed with the desirability of holding the Conference as soon as possible after the termination of the work of the Preparatory Committee. It was felt by the Committee that the impetus achieved in the preparation for an International Trade Organization should be maintained, and that any substantial delay would have the effect of postponing for a considerable period the coming into force of the Charter and the establishment of the Organization.

On the other hand, the Preparatory Committee has given consideration to the need for providing a reasonable interval between the end of the current session of the Committee and the convening of the World Conference in order to provide as much time as possible for governments which did not participate in the Preparatory Committee to study the work of the Second Session. In this connection the Preparatory Committee has taken account of the fact that the full reports of the First Session and of the Drafting Committee have been in the hands of all Members of the United Nations for many months and that arrangements have been made for such Members to receive all documents of the Second Session as its work proceeds.

In all the circumstances the Committee feels it is undesirable to delay the convening of the Conference much beyond the middle of November. Accordingly, the Preparatory Committee recommends that the Conference should be convened on 21 November, 1947. The Preparatory Committee considers that the Conference should be held in a suitable place in the Western Hemisphere, and therefore recommends, in view of the cordial and generous invitation extended by the Government of Cuba, that the Conference be held in Havana, if practicable.
3. Invitation of non-Members of the United Nations to the Conference (See annexure D).

The Preparatory Committee recommends that, subject to the resolution regarding Spain adopted by the General Assembly on 12 December, 1946, those states non-Members of the United Nations which have an appreciable interest in world trade should be invited to the Conference on Trade and Employment. It therefore recommends that the following states non-Members should be invited: Albania, Austria, Bulgaria, Eire, Finland, Hungary, Italy, Portugal, Rumania, Switzerland, Transjordania and the Yemen.

The Preparatory Committee recommends further that the Economic and Social Council should make provision for the attendance of persons qualified to represent the appropriate authorities in Germany, Japan and Korea.

The Preparatory Committee, having in mind specifically the position of the Governments of Burma, Ceylon and Southern Rhodesia, wishes to draw the attention of the Economic and Social Council to the position of territories under the sovereignty of a Member of the United Nations which are self-governing in matters provided for by the draft Charter and for that reason, in the opinion of the Preparatory Committee, ought to be invited to participate in the work of the Conference.

PART C - THE GENERAL AGREEMENT ON TARIFFS AND TRADE

1. Considering that the task of the World Conference would be facilitated if concrete action were taken by the principal trading nations to enter into reciprocal negotiations directed to the substantial reduction of tariffs and to the elimination of preferences on a mutually advantageous basis, the Preparatory
Committee adopted a Resolution at its First Session regarding the carrying out of tariff negotiations under its sponsorship in connection with, and as part of, the Second Session.

2. The governments represented at the Second Session of the Preparatory Committee are now engaged in the negotiations foreseen in the above-mentioned Resolution. These negotiations have not yet been completed.

3. It is expected that the concessions resulting from these negotiations, together with such other provisions as may be appropriate, will at the end of the Second Session be incorporated in a General Agreement on Tariffs and Trade.
ANNEXURE C

Resolution Regarding Date and Place of United Nations Conference on Trade and Employment.

WHEREAS in the resolution whereby the Economic and Social Council constituted the Preparatory Committee, the Council requested the Committee, inter alia, to report recommendations regarding the date and place of the International Conference on Trade and Employment, and

WHEREAS the Preparatory Committee considers that it is desirable to proceed as rapidly as possible with the establishment of an International Trade Organization and the formulation of its Charter,

THE PREPARATORY COMMITTEE RECOMMENDS that the Economic and Social Council requests the Secretary-General to convene the Conference on 21 November, 1947, at a suitable place in the Western Hemisphere. The Committee further recommends that the invitation extended by the Government of Cuba to hold the Conference in Havana be accepted, if practicable.

(1) The Committee has considered and rejected a suggestion by the Secretariat that the Conference should be held at Lake Success. The Committee is strongly of the opinion that Lake Success would not be a suitable place for the Conference. The experience of two sessions of the Preparatory Committee has demonstrated that any reasonable rate of progress in the complicated discussions which will confront the Conference is dependent upon regular and comprehensive daily Delegation meetings and inter-delegation discussions. These are greatly facilitated by the provision of office accommodation in the Conference building which, having regard to the size of the delegations, would not be available at Lake Success. If, added to this, the hotel and office accommodation of Delegations were a considerable distance from the Conference buildings, the result would be severely to curtail the time available for Conference and Committee Sessions and thus to add considerably to the length and expenses of the Conference, (including the heavy expenses entailed for delegations for accommodation, staff and transport).

The considerations which led the Committee to reject the suggestion of Lake Success also prompted their favourable recommendation on the Cuban invitation to hold the Conference in Havana. The Committee were assured of the provision of an adequate Conference building which would include office accommodation for delegations, and hotel accommodation in close proximity to the Conference building. The Committee felt that the consequent saving in time and expense argued strongly in favour of Havana. They considered that the saving in the time required for the completion of the Conference at Havana as compared with Lake Success would go a long way to offset the additional expenses which might be involved for the United Nations Secretariat. Moreover, they understood that the Cuban Government had offered to contribute generously to the Conference arrangements with a view to avoiding casting any additional burden of expense upon the United Nations.
Resolution Relating to Invitation of States non-Members of the United Nations to the Conference on Trade and Employment.

WHEREAS in the Resolution whereby the Economic and Social Council constituted the Preparatory Committee, the Council requested the Committee to recommend, inter alia, what states, if any, non-Members of the United Nations should be invited to the United Nations Conference on Trade and Employment, and

WHEREAS the Preparatory Committee has now considered this request

THE PREPARATORY COMMITTEE RECOMMENDS, subject to the Resolution passed by the General Assembly of the United Nations on 12 December 1946, on the relations of Members of the United Nations with Spain, that invitations should be sent to all states not Members of the United Nations which have an appreciable interest in world trade, namely: Albania, Austria, Bulgaria, Eire, Finland, Hungary, Italy, Portugal, Rumania, Switzerland, Transjordania, and the Yemen.

THE PREPARATORY COMMITTEE RECOMMENDS FURTHER that the Economic and Social Council should make provision for the attendance of persons qualified to represent the appropriate authorities in Germany, Japan, and Korea.

WHEREAS in the negotiations which have taken place at Geneva during the Second Session of the Preparatory Committee, it has become clear that Burmese, Ceylon and Southern Rhodesia, although under the sovereignty of a Member of the United Nations, possess full autonomy in the conduct of their external commercial relations and other matters provided for by the draft Charter.
THE PREPARATORY COMMITTEE CONSIDERS that such separate Customs Territories should be invited to participate in the work of the Conference, and,

RECOMMENDS FURTHER that the Economic and Social Council should make arrangements for invitations to be sent to such separate Customs Territories through the government of the competent metropolitan state.