The CHAIRMAN announced that it had been decided that all committees (except Committee II) should have finished their work by Saturday, 9 November. It had also been decided that the Report of the Preparatory Committee should comprise three parts:

1. A descriptive and chronological report of the work of each committee,
2. Instructions to the drafting committee,

He emphasized that, as time was limited and the report was to be complex, the Committee should economize time as much as possible.

The document tabled (E/PC/T/C, III/12) was a new text presented by Mr. McGregor (Canada) based on a compromise of views expressed by members of the Sub-Committee. It was to be regarded merely as a working paper. The Sub-Committee had thought that the terms of reference of the Preparatory Committee did not empower it to study problems relating to "services" as well as "goods". Therefore "services" appeared only in parenthesis in the tentative revision.

Mr. Wilcox (United States) asserted that the Economic and Social Council had only suggested an Agenda to the Preparatory Committee, and the present discussion was not necessarily limited thereby.

The CHAIRMAN felt that the Committee should limit its discussion strictly to the suggested Agenda, which was wide enough, but
requested the views of other members on the point.

Mr. LECUYER (France) pointed out that a similar problem had arisen in other committees. He feared that, if the scope of the Agenda were amplified, discussion would be prolonged.

The CHAIRMAN agreed with Mr. LECUYER (France) and suggested the matter might be considered at a Plenary Session or at a meeting of the heads of delegations.

He believed that "service" had been included in paragraph 3(a) of Article 34 of the Charter because the United States desired engineering services to be covered by the provisions of Chapter V.

Mr. MULHERKAR (India) quoted from the Resolutions of the Economic and Social Council to support his contention that all means of promoting trade and employment were legitimate for discussion. "Services" must, therefore, also be considered.

Mr. WILCOX (United States) repeated that the Economic and Social Council had only suggested terms of reference. The Preparatory Committee had adopted a definite Agenda, Items 10(a) to (f) covering points to be considered at the present meeting, and members were not limited thereby to discussion on "goods" excluding "services". He was opposed to discussion of the matter at the heads of delegations' meeting.

The CHAIRMAN proposed, in view of the observations by Mr. WILCOX (United States) and Mr. MULHERKAR (India), that "services" should be included within the scope of the Committee's discussion.

Mr. FLETCHER (Australia) suggested that "goods" formed, for the present, a wide enough subject for debate. "Services" could be discussed subsequently. His delegation had not brought the necessary experts to the Conference to discuss shipping, banking etc.

Mr. HOLMES (United Kingdom) thought that it would be practical to include "services", but that the question should be postponed.
The CHAIRMAN stated that in view of the observations which had been made he thought the Committee need not commit itself to "goods", but its discussion could also relate to "services". However he suggested the matter be left for the present on the understanding that any representative might raise the question at a later stage.

Discussion of new Article 34

Mr. MCGREGOR (Canada) explained in detail how the Sub-Committee had arrived at the new draft of this Article.

Mr. NAUDE (South Africa) reserved the position of his Government with reference to Article 34 Section 2(a) from which he would need to receive instructions.

Mr. DAO (China) made a similar reservation.

Mr. LAURENCE (New Zealand) said that the reference to public commercial enterprises in paragraph 2(a) conflicted with Chapter IV Section (f) dealing with "state trading", also, at the end of Section 2(b) the phrase "if they appear to have or to be likely to have such harmful effects" appeared. It is not clear who would be the judge of these harmful effects.

The CHAIRMAN took note of the reservations to Section 2 sub-paragraph (a), but considered the second point raised by Mr. LAURENCE was answered in Articles 35 to 39 on procedure.

Mr. MONTERO DE BARROS (Brazil) reserved his Government's position on the phrase in paragraph 2 (a) in parenthesis "i.e. trading agencies of government or enterprises in which there is a government interest." He noted also that the Brazilian amendment to Section 3, which would have added a sub-paragraph (g) concerning practices which might hamper industrialization of undeveloped countries, was not mentioned in the redraft.

The CHAIRMAN explained that the sub-committee had considered this amendment had been covered by the broad statement in Section 1 "or
any of the purposes of the Organization as set forth in Article 1."

Mr. HAKLA (Lebanon) was not satisfied with the definition contained in paragraph 2 (b), as the fact that a government possessed an interest in an enterprise would not necessarily make that enterprise public.

The CHAIRIAN appreciated this point, but recalled that work of the Committee would be taken up by a Drafting Committee, and it would be better to keep to general lines rather than to seek to define the text word by word. He suggested that the definition might be omitted.

Mr. THERRILL (United States) was in favour of retaining the definition as its exclusion might wreck the provisions of Chapter V and affect the whole Charter. The exclusion would set up two standards for international commercial conduct and would permit the evasion of Article 4, 5 and 6 of the Charter. Government enterprises should adhere to the same rules as laid down for private concerns.

The CHAIRIAN observed that there were two opposing views to be forwarded to the Drafting Committee, and enquired if there were any further observations.

Mr. ANDRE (United Kingdom) referred to paragraph 2 (b) of Article 34. His government reserved its position on this provision.

Mr. THILTGES (Belgium) said that the Belgian amendment to paragraph 3 (c) had been omitted.

The CHAIRIAN stated that the Sub-Committee had considered Mr. Thiltges's amendment was safeguarded by the Articles on procedures.

Discussion of Articles 35-39

Mr. ACGREGOR (Canada) gave the following explanations:-
(a) The amendment proposed by the Indian Delegation to provide for consultation between members before the complaints procedure of the Organization was set in motion had been embodied in paragraph 1.

(b) With regard to paragraph 2 the United Kingdom Delegation had wished the right to submit complaints to be restricted to commercial enterprises which were interested. After discussion it had been agreed to extend the right to other Organizations. The United States' draft had not provided that complaints originating from sources other than members themselves would require the permission of a member. This had been provided in the new text. The last sentence of paragraph 2 had been inserted so that vexatious or frivolous complaints might be eliminated.

(c) In connection with paragraph 3 it should be noted that the Organization did not have any direct access to private enterprises.

(d) Paragraph 4 marked the commencement of the procedure for full enquiry. Up to this point the Article had been concerned only with preliminary enquiries. Paragraph 4 also ensured that no commercial enterprise would be condemned without being given the opportunity of presenting its views.

(e) The concluding phrase of paragraph 6 represented a modification of the United Kingdom draft which the Sub-Committee had considered was too specific.

(f) Paragraph 8 provided for full publication of reports. Public opinion would be one of the strong sanctions behind the word of the Organization.

The CHAIRMAN stated that the next meeting would be at 10-30, 6 November 1946, when Mr. McGregor would continue his explanation of Articles 35 to 39.
He considered the moment had now arrived to elect a rapporteur. Mr. NAUDE (South Africa) proposed, and Mr. ALDANA (Cuba) seconded, Mr. MCGRGOR as rapporteur, with Mr. WILCOX (United States) Mr. HOLMES (United Kingdom) and Mr. LEGUYER (France) to assist in the work. This proposal was adopted.

The meeting rose at 6.55 p.m.