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

NOTE TO DELEGATIONS
FROM THE EXECUTIVE SECRETARY

Introduction to Report of Second Session

Attached to this memorandum is a draft of the Introductory part of the Report of the Second Session. This draft has been prepared on the basis of the introductory section of the Interim Report already submitted by the Second Session to the Economic and Social Council.

If the Head of any Delegation desires to comment on this draft prior to the final plenary meetings, I should be grateful to receive such observations by noon Tuesday, August 19.
1. Establishment of the Preparatory Committee

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.

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

The First Session of the Preparatory Committee was held in London from 15 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 Document E/PC/T/33 and published.

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.

The Second Session of the Preparatory Committee was convened at the European Office of the United Nations in Geneva on 10 April, 1947. During the course of this Session the Preparatory Committee trans-
mitted to the Fifth Session of the Economic and Social Council an interim report indicating the proposed outlines of the annotated draft agenda and convention which were being prepared for the full conference and presenting recommendations concerning the date and place of the Conference and the Non-Members of United Nations which might be invited to the Conference. The relevant sections of this interim report are reproduced in Appendix B to the present report. The resolutions adopted by the Economic and Social Council relating to the recommendations in the interim report are reproduced in Appendix C. In accordance with those resolutions the United Nations Conference on Trade and Employment is to be convened on 21 November, 1947 at Havana, Cuba. Invitations to attend the Conference have been extended to all Members of the United Nations and to Albania, Austria, Bulgaria, Eire, Finland, Hungary, Italy, Pakistan, Portugal, Roumania, Switzerland, Transjordanie, the Yemen, the Indonesian Republic and, through the Government of the United Kingdom, to Burma, Ceylon and Southern Rhodesia. In addition, the Allied Control Authorities in Germany, Japan and Korea have been invited to send qualified representatives to the Conference in a consultative capacity. The Specialized Agencies, other appropriate inter-governmental organizations and certain Non-Governmental Organizations possessing consultative status in relation to the Economic and Social Council, have also been invited to be represented at the Conference.

The Second Session of the Preparatory Committee continued the preparation of the draft Charter or convention. The draft adopted by the Preparatory Committee at the Second Session as a basis for discussion at the World Conference appears as Part II of the present report. Although in general the Preparatory Committee has reached agreement on the text to be recommended to the full Conference, it will be noted that the text is accompanied by an indication in the footnote of the points on which certain Delegations desired to enter reservations or on which it seemed necessary to provide explanatory observations on the part of the Preparatory Committee as a whole or of individual Delegations.
In view of the fact that changes have been made in the text of the draft Charter as it has progressed through the Preparatory Committee, and particularly in view of the fact that the order of the articles has been rearranged, the present report contains in Appendix A a table setting forth in parallel columns the identifying numbers of comparable provisions in the three versions of the draft Charter which have been published by the Preparatory Committee in order to facilitate a determination of the relationship between the present text and the earlier versions.

In its present report the Preparatory Committee has refrained from enunciating in detail the principles underlying the draft Charter. It was felt by the Preparatory Committee that the observations presented in Part II of the Report of the First Session represented a generally satisfactory statement of the principles which have guided the discussions not only at the First Session but also, in large measure, at the Drafting Committee and at the Second Session. Although the Report of the Second Session will constitute the agenda and basic "working paper" at the World Conference, the two earlier reports will be regarded as essential parts of the annotation thereof. It has seemed unnecessary to restate in the two later reports the principles set forth in the Report of the First Session or to indicate at length the deviations from those principles which may have occurred during the Drafting Committee stage or during the Second Session.

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 a part of, the Second Session. The governments represented at the Second Session of the Preparatory Committee are, at the time of the issuance of this report, in the final stages of completing the negotiations foreseen in the above mentioned resolution. It is expected that the
concessions resulting from these negotiations, together with such other provisions as may be appropriate, will shortly be incorporated in a General Agreement on Tariffs and Trade.

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.

Two specialized agencies (2) and two other inter-governmental organizations (3) were actively associated with all the proceedings and many members of the United Nations non-Members of the Preparatory Committee (4) and some non-governmental organizations in Category “A” (5) sent observers who from time to time gave the Committee

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(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.

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

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

(4) 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-Lobenose Customs Union in the tariff negotiations.

(5) The organizations were:

American Federation of Labor, International Chamber of Commerce, International Co-operative Alliance, World Federation of Trade Unions, The International Federation of Agricultural Producers also submitted its views on certain points to the Second Session of the Preparatory Committee. The International Federation of Christian Trade Unions and the Interparliamentary Union were also invited to be represented.
the benefit of their views.

4. Elected Officers of the Second Session

Preparatory Committee:

Chairman - M. M. Suetens (Belgium)
Vice-Chairmen -
  H.E.H. Erik Colban (Norway)
  H.E. Dr. Zdenek Augenthaler (Czechoslovakia)
  H.E. Dr. Wunsh King (China)
  Sir Raghavan Pillai (India)
  Mr. Sergio I. Clark (Cuba)

Commission A:

Chairman - M. M. Suetens (Belgium)
Vice-Chairmen -
  H.E.H. Erik Colban (Norway)
  H.E. Antonio de Vilhena Ferreira Braga (Brazil)

Commission B:

Chairman - Hon. L. D. Wilgress (Canada)
Vice-Chairman - M. Royer (France)

A more complete list of the officers of the Preparatory Committee and of the members of Delegations is presented in an appendix to this report.

(1) In order to facilitate simultaneous discussion the Preparatory Committee at the Second Session was divided into two commissions, each of which consisted of representatives of all Delegations. Commission A, and its sub-committees, prepared texts for consideration by the Preparatory Committee relating to the chapters on Purposes, Employment and Economic Activity, Economic Development, General Commercial Policy (with the exception of the articles relating to Subsidies), and Organization. Similarly, Commission B prepared draft texts relating to the chapters on Restrictive Business Practices and Intergovernmental Commodity Agreements, as well as the articles on Subsidies. All drafts were reviewed at the final plenary meetings of the Preparatory Committee.
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