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

Draft Charter

The Delegation of the United States of America submit the following proposals for amendment of Chapters I and II, together with suggestions with regard to arrangement of the Articles of the Charter as a whole, and with regard to the constitution of a new Chapter to be called "Miscellaneous", which would contain material applicable to the Charter as a whole but which is not strictly concerned with organizational matters:

Chapter I Purposes

It is suggested that Article 1 be amended to read as follows:


In pursuance of the determination of the United Nations to create conditions of economic and social progress essential to world peace, the States party to this Charter hereby undertake to promote national and international action for the fulfilment of the following purposes:

1. To raise standards of living, assure a large and steadily growing volume of real income and effective demand, and contribute to a balanced and expanding world economy, through measures designed to provide full employment and increase the production, exchange and consumption of goods.

2. To develop the economic resources of the world by encouraging the international flow of capital for
productive investment and otherwise assisting the industrial and general economic development of all countries, particularly of those still in the early stages of industrial development.

3. To further the enjoyment, by all countries, on equal terms, of access to the markets, products and productive facilities which are needed for their economic prosperity and development.

4. To reduce tariffs and other barriers to trade, to eliminate all forms of discriminatory treatment in international commerce, and to enable all countries, by thus increasing the opportunities for their trade on a mutually advantageous basis, to avoid recourse to measures which disrupt world commerce, reduce productive employment or retard economic development.

5. To facilitate the solution of problems relating to international trade, including problems of employment, economic development, international investment, commercial policy, business practices, and commodity policy, through consultation and collaboration among Members.

In order to effectuate these purposes, the States pledge themselves to accept the obligations that are set forth in this Charter and they hereby establish an International Trade Organization through which Members will cooperate to this end.

Chapter II Membership

Article 2 (Membership)

It is suggested that the word "countries" in paragraphs 1 and 2 be changed to read "states", in conformity with the provisions of the U.N. Charter with the constitutions of most
of the other specialized agencies and with Article 1 of this Charter.

Paragraph 2 (New Members).

It is suggested that there be added to paragraph 2 of this Article the additional clause:

and any amendment thereto which shall have become effective as of the time of such acceptance.

COMMENT: Although Article 85 contemplates the possibility that Members may fail to accept all amendments and still remain within the Organization, it does not seem desirable to permit new Members to pick and choose the amendments which they will accept.

Proposed Rearrangement of Material in Charter

Since proposals with respect to Chapters I and II are, under the present schedule, the last proposals on matters of substance due to be submitted to the Preparatory Committee, the United States Delegation feels that it is now appropriate to suggest, in connection with the submission of these proposals, a new arrangement for the material contained in the Charter as a whole.

The attached outline is based, in most cases, upon changes already agreed in various Commissions and Sub-Commissions, and the titles of the Articles are taken from the latest documents available with respect to the Articles involved. The document involved is indicated in each case. Whenever changes are based upon proposals of any delegation which have not yet been generally agreed this is indicated.

In addition to the changes already agreed as stated above, the major changes are as follows:

1. Article 2 of the New York Draft is moved up into the
Chapter on Organization and Functions. It is felt that membership is a fundamentally organizational question, and that any person attempting to look up membership in the Charter would normally look under the heading of Organization. This eliminates old Chapter II and causes consequential renumbering throughout. Article 1 is reworded to cover the necessary formal provision.

2. A new final Chapter is suggested containing material applicable to the Charter as a whole which is not strictly concerned with Organization or Functions. The source of the material for this Chapter is indicated.

3. Two new Articles are suggested for the new final Chapter. These are attached as Annexes A and B. They deal with the generalized security exceptions and with an over-all review of the Charter within ten years, in a manner similar to that provided in Article 109 of the United Nations Charter. The substance of both these new Articles is largely covered by material already in the Charter.

4. As indicated in connection with proposed Article 93 on Non-Members, the United States plans to submit a proposal for a special protocol, to be attached to the Charter, and also to the General Agreement on Tariffs and Trade concerning relations with Germany, Japan and Korea.

5. Articles 14, 15 and 24 of the New York Draft are assembled as being related matters.

6. Article 33 of the New York Draft is removed.

7. Sections F, H and I of the New York Draft are assembled as miscellaneous provisions affecting Chapter IV, (present Chapter V).
OUTLINE

U.S. Proposal

CHAPTER I. PURPOSES

Article 1. General Purposes

CHAPTER II. EMPLOYMENT AND ECONOMIC ACTIVITY 1/

Article 2. Importance of Employment, Production and Demand in Relation to the Purposes of this Charter

Article 3. Maintenance of Domestic Employment

Article 4. Fair Labor Standards

Article 5. Removal of Maladjustments within the Balance of Payments

Article 6. Exchange of Information and Consultation

Article 7. Safeguards for Members Subject to External Deflationery Pressure

CHAPTER III. ECONOMIC DEVELOPMENT AND INTERNATIONAL INVESTMENT 2/

Article 8. Importance of Economic Development and International Investment in Relation to the Purposes of this Charter

Article 9. Development of Domestic Resources and Productivity

Article 10. Plans for Economic Development

Article 11. Means of Economic Development and their Promotion

New York Draft

CHAPTER III. EMPLOYMENT, EFFECTIVE DEMAND AND ECONOMIC ACTIVITY

Article 3. Importance of Employment in Relation to the Purposes of this Charter

CHAPTER IV. ECONOMIC DEVELOPMENT

Article 9. Importance of Economic Development in Relation to the Purposes of this Charter

Article 10. Same

Article 11. Same

Article 12. Means of Economic Development

1/ Titles of Articles for this Chapter taken from draft in E/FC/T/W/95.

2/ Titles of Articles for this Chapter taken from U.S. proposal, E/FC/T/W/123.
CHAPTER IV. COMMERCIAL POLICY

Section A. Tariffs, Preferences, and Internal Taxation and Regulation

Article 12. Governmental Assistance to Economic Development

CHAPTER V. GENERAL COMMERCIAL POLICY

Section A. General Commercial Provisions, Most-Favored-Nation Treatment (part) and Tariffs and Tariff Preferences

Article 13. General Most-Favored-Nation Treatment

Section D. Subsidies

Article 14. Reduction of Tariffs and Elimination of Preferences

Article 22. Exchange Arrangements

Article 15. National Treatment on Internal Taxation and Regulation

Section E. Same

Article 16. General Elimination of Quantitative Restrictions

Article 23. Same

Article 17. Restrictions to Safeguard the Balance of Payments

Article 24. Same

Article 18. Non-Discriminatory Administration of Quantitative Restrictions

Article 25. Same

Article 19. Exceptions to the Rule of Non-Discrimination

Article 26. Same

Article 20. Exchange Arrangements

Article 27. Same

Section C. Subsidies

Article 21. Subsidies in General

Article 28. Same

Section D. Same

Article 29. Same

Article 20. Exchange Arrangements

General undertaking Regarding Subsidies--Elimination of export subsidies--Exceptions (para. 1)

1/ Titles Taken from E.142/47, 30 June 1947.
<table>
<thead>
<tr>
<th>U.S. Proposal</th>
<th>New York Draft</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Article 22. Additional Provisions</strong> on Export Subsidies</td>
<td><strong>Article 30.</strong> (paras. 2 and 5)</td>
</tr>
<tr>
<td><strong>Article 23. Special Treatment of Primary Commodities</strong></td>
<td><strong>Article 30.</strong> (paras. 3 and 4)</td>
</tr>
<tr>
<td><strong>Article 24. Procedure</strong></td>
<td><strong>Article 30.</strong> (para. 6)</td>
</tr>
<tr>
<td><strong>Section D. State Trading 1/</strong></td>
<td><strong>Section E. Same</strong></td>
</tr>
<tr>
<td><strong>Article 25. Most-Favored-Nation Treatment by State Trading Enterprises</strong></td>
<td><strong>Article 31.</strong> Non-Discriminatory Administration of State Trading Enterprises</td>
</tr>
<tr>
<td><strong>Article 26. Expansion of International Trade by Members Having State Monopolies</strong></td>
<td><strong>Article 32.</strong> Expansion of Trade by State Monopolies of Individual Products</td>
</tr>
<tr>
<td>Suppressed</td>
<td><strong>Article 33.</strong> Expansion of Trade by Complete State Monopolies of Import Trade</td>
</tr>
<tr>
<td><strong>Section E. General Commercial Provisions</strong></td>
<td><strong>Section A. General Commercial Provisions, Most-Favored-Nation Treatment (part)</strong></td>
</tr>
<tr>
<td><strong>Article 27. Conditions with Respect to Shipments 2/</strong></td>
<td><strong>New</strong></td>
</tr>
<tr>
<td><strong>Article 28. Freedom of Transit</strong></td>
<td><strong>Article 16.</strong> Same</td>
</tr>
<tr>
<td><strong>Article 29. Anti-Dumping and Countervailing Duties</strong></td>
<td><strong>Article 17.</strong> Same</td>
</tr>
<tr>
<td><strong>Article 30. Tariff Valuation</strong></td>
<td><strong>Article 18.</strong> Same</td>
</tr>
<tr>
<td><strong>Article 31. Customs Formalities</strong></td>
<td><strong>Article 19.</strong> Same</td>
</tr>
<tr>
<td><strong>Article 32. Marks of Origin</strong></td>
<td><strong>Article 20.</strong> Same</td>
</tr>
<tr>
<td><strong>Article 33. Publication and Administration of Trade Regulations, Advance Notice of Restrictive Regulations</strong></td>
<td><strong>Article 21.</strong> Same</td>
</tr>
<tr>
<td><strong>Article 34. Information Statistics and Trade Terminology</strong></td>
<td><strong>Article 22.</strong> Same</td>
</tr>
<tr>
<td><strong>Article 35. Boycotts</strong></td>
<td><strong>Article 23.</strong> Same</td>
</tr>
</tbody>
</table>

1/ Titles taken from E/PC/T/W/195.
2/ See E/PC/T/W/150, page 10, when this Article is suggested as Article 15 A by the U.S. Delegation.
<table>
<thead>
<tr>
<th>U.S. Proposal</th>
<th>New York Draft</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section F. Special Provisions</strong></td>
<td><strong>Section F. Emergency Provisions—Consultation</strong></td>
</tr>
<tr>
<td>Article 36. Emergency Action on Imports of Particular Products</td>
<td>Article 34. Same</td>
</tr>
<tr>
<td>Article 37. Consultation Regarding Operation of Chapter IV</td>
<td>Article 35. Consultation—Nullification or Impairment (para.1)</td>
</tr>
<tr>
<td><strong>Section I. Territorial Application</strong></td>
<td><strong>Section H. General Exceptions</strong></td>
</tr>
<tr>
<td>Article 38. Territorial Application of Chapter IV—Frontier Traffic—Customs Unions</td>
<td>Article 37. General Exceptions to Chapter V</td>
</tr>
<tr>
<td><strong>CHAPTER V. RESTRICTIVE BUSINESS PRACTICES 1/</strong></td>
<td><strong>CHAPTER VI. Same</strong></td>
</tr>
<tr>
<td>Article 40. Policy Towards Restrictive Business Practices</td>
<td>Article 39. Same</td>
</tr>
<tr>
<td>Article 41. Procedure with Respect to Investigations and Consultations</td>
<td>Article 40. Procedure with Respect to Complaints and Conferences</td>
</tr>
<tr>
<td>Article 42. Studies Relating to Restrictive Business Practices</td>
<td>Article 41. Same</td>
</tr>
<tr>
<td>Article 43. Obligations of Members</td>
<td>Article 42. Obligation of Members</td>
</tr>
<tr>
<td>Article 44. Supplementary Enforcement Arrangements</td>
<td>Article 43. Same</td>
</tr>
<tr>
<td>Article 45. Continued Effectiveness of Domestic Measures Against Restrictive Business Practices</td>
<td>Article 44. Same</td>
</tr>
<tr>
<td>Article 46. Procedure with Respect to Services</td>
<td>New</td>
</tr>
<tr>
<td>Article 47. Exceptions to Provisions of this Chapter</td>
<td>Article 45. Same</td>
</tr>
</tbody>
</table>

1/ Titles taken from E/PC/T/112.
CHAPTER VI. INTERGOVERNMENTAL COMMODITY ARRANGEMENTS 1/

Section A. General Considerations

Article 46. Difficulties Relating to Primary Commodities

Article 49. Primary and Related Commodities

Article 50. Objectives of Intergovernmental Commodity Agreements

Section B. Intergovernmental Commodity Agreements in General

Article 51. Special Commodity Studies

Article 52. Commodity Conferences

Article 53. General Principles of Intergovernmental Commodity Agreements

Article 54. Types of Agreements

Section C. Intergovernmental Commodity Control Agreements

Article 55. Circumstances Governing the Use of Commodity Control Agreements

Article 56. Additional Principles Governing Commodity Control Agreements

Article 57. Administration of Commodity Control Agreements

Article 58. Provision for Initial Terms, Review and Renewal of Commodity Control Agreements

Article 59. Settlement of Disputes

1/ Titles taken from E/PC/T/W/228 of June 27, as tentatively amended by E/PC/T/115 of July 3.
Section D. Miscellaneous Provisions

Article 60. Relations with Inter-governmental Organizations

Article 61. Obligations of Members Regarding Existing and Proposed Commodity Agreements

Article 62. Territorial Application

Article 63. Exceptions to Provisions Relating to Inter-governmental Commodity Agreements

CHAPTER VII. ORGANIZATION AND FUNCTIONS

Section A. Membership

Article 64. Membership

Section B. Functions and Structure

Article 65. Functions

Article 66. Structure

Article 67. Membership

Article 68. Voting

Article 69. Session, procedure and officers.

Article 70. Powers and duties

Section C. The Conference

Article 71. Membership

Article 72. Voting

Article 73. Sessions, procedure and officers.

Article 74. Powers and duties
Section E. The Commission

Article 75. Establishment

Article 76. Composition and procedure.

Article 77. General functions

Article 78. Functions of the Commission on Economic Development and International Investment

Article 79. Functions of the Commission on Commercial Policy

Article 80. Functions of the Commission Business Practices

Article 81. Functions of the Commodity Commission

Section F. The Tariff Committee

Article 82. Tariff Committee

Section G. The Secretariat

Article 83. Composition

Article 84. Director General

Article 85. Employment of Staff

Section H. Other Organizational Provisions

Article 86. Relations with other Organizations

Article 87. International responsibilities of personnel of Organization

Article 88. International Legal Status of Organization

Article 89. Status of the Organization in the territory of Members

Article 90. Contributions

Section E. Commissions

Article 72. Same

Article 73. Same

Article 74. Same

Article 75. Same

Article 77. Same

Article 77. Same

Article 78. Same

Article 79. The Director General

Article 80. Same

Article 81. Same

Article 82. Same

Article 83. Same

Article 84. Same

Article 87. Same

New (see E/FC/T/W/123, p.8)
U. S. Proposal

CHAPTER VIII. MISCELLANEOUS

Article 91. Nullification or Impairment 1/

Article 92. Disputes 1/

Article 93. Relations with Non-Members 2/

Article 94. General Exceptions 3/

Article 95. Amendments

Article 96. Review of Charter 4/

Article 94. General Exceptions 2/

Article 95. Amendments

Article 96. Review of Charter 5/

Article 97. Withdrawal and Termination

Article 98. Registration and Entry into Force

New York Draft

NEW

Article 35, para. 2, Consultation
Nullification or impairment

Article 86. Interpretation and settlement of disputes

Article 36. Contractual relations with non-Members. Treatment of the trade of non-Members

Article 37, sub-para. c, d, e, and k. General Exceptions to Chapter V,

Article 59, sub-para. c.

Article 42, para. 2, sub-para c(1)

Article 85. Amendments to the Charter

New 4/

Article 37, sub-para. c, d, e, k. General Exceptions to Chapter V

Article 85. Amendments to the Charter

New 5/

Article 89, same plus new para. suggested by U. S. in E/PC/T/W/210 - Rev. 1, p. 32

Article 88, Entry into Force, plus Secretariat suggestion on Registration, plus material on language in Article 86, para. 1 (as suggested by UK in E/PC/T/W/210 - Rev. 1, page 28)

1/ It may be decided to merge these two articles.

2/ U. S. Delegation plans to submit a protocol concerning relations with Germany, Japan and Korea, to be annexed to the Charter.

3/ See Annex A for draft.

4/ See draft article in Annex B.

5/ See Annex A for draft.

6/ See draft article in Annex B.
ANNEX A

Suggested new Article covering national security exceptions taken from Articles 37 and 59 of New York Draft plus Article 42, 3,(a) of the new draft on Business Practices (E/PC/T/112, page 5)

ARTICLE 94. General Exceptions.

Nothing in this Charter shall be construed to require any Member to furnish any information the disclosure of which it considers contrary to its essential security interests, or to prevent any Member from taking any action which it may consider to be necessary to such interests:

a) Relating to fissionable materials or their source materials;

b) Relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on for the purpose of supplying a military establishment;

c) In time of war or other emergency in international relations, relating to the protection of its essential security interests;

d) Undertaken in pursuance of obligations under the United Nations Charter for the maintenance of international peace and security.
ANNEX B

Suggested draft of New Article 95 to go into new Miscellaneous Chapter of Charter and providing for a full review of all the provisions of the Charter in the light of operating experience.

ARTICLE 96

Review of Charter

The Conference shall convene a Special Session for the purpose of reviewing the provisions of this Charter before the end of the tenth year after this Charter shall have entered into force.