THE STATISTICAL REQUIREMENTS OF THE ITO

Report by the Executive Secretary

The responsibilities of the Interim Commission in connection with statistical services were discussed at the Second Session of the Executive Committee. The Executive Secretary was then authorized -

"to proceed to consultations on an informal basis with the competent United Nations' services and to make suggestions based on these consultations as to how the Organization could best carry out the provisions of Article 39".

Pursuant to these instructions, the Havana Charter has been examined with a view to forming an estimate of the statistical data that are likely to be required by the Organization. The work that is being done in the field of statistical compilation by the United Nations and the specialized agencies has been surveyed. And the broad aspects of the problem involved have been discussed with competent authorities. This report is the result of these studies and consultations.

PART I

AN EXAMINATION OF THE FUNCTIONS OF THE ORGANIZATION

It is proposed in Part I of this Report to review the duties and responsibilities of the Organization in the performance of which statistical data will be required.

1. Employment and Economic Activity (Chapter II)
   (Articles 2-7)

Chapter II requires the Organization to collaborate with the Economic and Social Council of the United Nations and with other inter-governmental organizations in making arrangements for the collection, analysis and exchange of information on employment trends, production, national income, etc. Also, the Organization is required to take account of the need of Members for action to safeguard their economies against inflationary or deflationary pressures, and to take an interest in labour standards and in the improvement of wages and working conditions.

In order to perform these functions, it will be necessary for the Organization to review the statistical data compiled and published by the Statistical Office of the United Nations, by the International Labour Organization and by other inter-governmental agencies. It will probably be found unnecessary for the ITO to enter this field except to consult with these organizations in an endeavour to ensure that the statistics published by them will serve the needs and interests of Members and that as much as possible of the
relevant data will be available when any of the matters mentioned in the preceding paragraph are under consideration by the Organization.

2. Economic Development and Reconstruction (Chapter III) (Articles 8-15)

(1) Development of Resources and International Investment (Articles 8-12)

As one of its first tasks in carrying out its positive functions on economic development the Organization should review the statistical and other data published by governments and intergovernmental organizations relating to the industrial and agricultural resources and potentialities of Member countries. The Organization will be expected to take a special interest in natural resources, standards of productivity and comparative standards of living. Further, it should consult with governments and collaborate with inter-governmental organizations on the extension and improvement of the statistical data compiled by them with a view to ensuring that as much relevant data as possible will be available when questions of development and reconstruction are brought before the Organization.

One of the most important avenues in which efforts for the extension and improvement of statistics should be directed is the flow of capital. Thus the Organization should consult with the United Nations, the International Monetary Fund and the International Bank for Reconstruction and Development concerning the adequacy of statistical data on the movement of public and private investment and concerning the availability of both short and long-term capital. In addition, the Organization should formulate its requirements for statistics of international trade in materials and equipment for use in development and reconstruction, for price indices of raw materials and manufactured goods, etc.

(ii) Applications for Release from Obligations (Articles 13-15)

Much statistical data will be required for dealing with requests from Members for release from obligations in order to apply protective measures to promote the establishment, development or reconstruction of particular industries or branches of agriculture and with applications for the introduction of preferential agreements. The Organization will be called upon to determine whether other Members are likely to be affected if releases are granted and whether the measures proposed fulfill the criteria prescribed in Articles 13 and 15.

Detailed statistics of international trade by commodities, by country of origin and destination and in terms of volume and value will certainly be required urgently. It is obviously impossible to foresee what products will be involved in the applications submitted to the Organization during the course of years and the data required may have to be obtained largely on an ad hoc basis. It is probable, however, that the efforts of the Organization to bring about greater uniformity in the trade statistics of Members will increase the probability that when applications are examined the data upon which judgments may be based will be available.
3. Commercial Policy (Chapter IV) (Articles 16-45)

The Organization will require extensive statistical data in order to carry out many of its functions under Chapter IV. For the important Articles on balance-of-payments problems (on questions of foreign exchange, monetary reserves, etc.) the Organization will accept the findings of statistical facts presented by the International Monetary Fund. For other functions the statistics required will be mainly those of commodity trade.

The following are illustrations of the sort of determination which the Organization will be called upon to make in response to requests and applications from Members and in accordance with the procedures laid down in the relevant Articles:

(a) Whether the trade of a Member is "adversely affected" by a restriction imposed by another Member to safeguard its balance of payments. (Art. 21:5(d))

(b) Whether a restriction on imports is being applied inconsistently with the provisions of Article 21 or 22. (Art. 21:5(d))

(c) Whether there is need for adjustment of the "representative period" or for re-appraisal of "special factors" in connection with the administration of an import quota. (Art. 22:4)

(d) Whether the "benefits" conferred by a discriminatory import restriction would outweigh the "injury" caused to the trade of other Members. (Art. 23:2)

(e) Whether an extension of time should be granted for the withdrawal of an export subsidy. (Art. 26:3)

(f) What constitutes an "equitable share of world trade" for a member granting an export subsidy on a primary commodity. (Art. 28:3)

(g) Whether "substantial injury" would be caused to the economic interests of producers or consumers of a primary commodity by the liquidation of non-commercial stocks. (Art. 32:3)

(h) Whether "serious injury" has been caused to producers by increased imports of a particular product. (Art. 40:2)

(i) Whether the date fixed for the removal of a transitional measure should be deferred. (Art. 45:2)

It is evident from a mere reading of this list that the functions of the Organization cannot be performed without a vast amount of detailed statistics of the imports and exports of Member countries. At any time the Organization may be
called upon to make a determination which can be based only on data never hitherto published. These functions, therefore, require the utmost co-operation of all Members in improving the compilation of statistics from their customs returns and in providing the Organization with the maximum amount of data.

4. Restrictive Business Practices (Chapter V)
   (Articles 46-54)

Under the provisions of Chapter V the Organization will be required from time to time to determine whether a practice of a private or public commercial enterprise has in fact restrained international competition or limited access to world markets, so as to have harmful effects on the expansion of production or trade. The statistical requirements of the Organization for such investigations cannot be anticipated except in a general way. In dealing with some complaints it will be found that the statistical data readily available to the Organization will provide much of the requisite information, but in other cases additional statistical material will have to be obtained from the Members concerned.

5. Inter-governmental Commodity Agreements (Chapter VI)
   (Articles 55-70)

In view of the interests of all Members in the special problems affecting agriculture, forestry and mining, it will be desirable for the Organization to consult with the United Nations, the Food and Agriculture Organization and other inter-governmental organizations to ensure that data is available on the area under cultivation or estimates of resources, production, employment, consumption, stocks and prices of the principal primary commodities. This information will be required by the Organization for general purposes and, supplemented by the statistics of international trade, will provide the basic material for use by the Organization when called upon to determine whether a commodity study should be made, for the use of a study group if appointed or for a commodity conference convened by the Organization.

When a control agreement has been concluded and a Commodity Council appointed, the Members of the Organization which subscribe to the agreement will no doubt be required to compile statistics of production, stocks, trade, etc., for the commodity concerned and related commodities, in far greater detail than previously.

6. Settlement of Differences (Chapter VIII)
   (Articles 92-97)

It was suggested in the draft of the Executive Committee's Report to the Conference (ICITO/—/, page 40), that a large part of the work of the Organization may derive from complaints submitted by Members. If that estimate proves correct, a great deal of statistical data will be required for the settlement of differences under the procedures provided in Chapter VIII.
The Organization will be required from time to time to pass judgment on an alleged nullification or impairment of benefits which should accrue to a Member under the provisions of the Charter. The following are examples of charges that may be brought before the Organization and which the Organization will have to investigate with a view to deciding whether any nullification or impairment exists:

(a) That an internal tax, or a law, regulation or requirement affecting the internal sale or use of a product, or an internal quantitative regulation has been applied in such a manner as to afford protection to domestic production. (Art.18:1)

(b) That an internal maximum price control measure has prejudicial effects on the interests of a Member supplying imported products. (Art.18:9)

(c) That there does not exist a critical shortage of a foodstuff or other product such as to justify the application of an export prohibition or restriction. (Art.20:2(a))

(d) That an import restriction instituted to safeguard the balance of payments has excluded minimum commercial quantities in such a way as to impair regular channels of trade. (Art.21:3(c)(i))

(e) That an import restriction has not resulted in a distribution of trade in shares which Members could otherwise expect to obtain. (Art.22:2)

(f) That a system for the stabilization of the domestic price or of the return to domestic producers of a primary commodity has operated in such a way as to stimulate exports or otherwise prejudice the interests of other Members. (Art.27:1(b))

(g) That purchases or sales of a state enterprise, or of an enterprise to which has been granted exclusive or special privileges, have not been made solely in accordance with commercial considerations. (Art.29:1(b))

(h) That a Member has a substantial interest in trade in a product for which another Member has established an import monopoly such as to warrant negotiations in the manner provided for under Article 17. (Art.31:1)

(i) That the dumping or subsidization of a product threatens material injury to an established industry or is such as to retard its establishment. (Art.34:6)

(j) That a measure involving a restriction on exports of domestic materials is not necessary to assure essential quantities to a domestic processing industry. (Art.45:1(a)(xii))
(k) That a product is not in general or local short supply such as to justify a transitional measure affecting its acquisition or distribution.

(Art.45:1(b)(i))

This list of possible charges of nullification and impairment, though by no means complete, serves as another illustration of the great variety and detail in which trade statistics will be required. Some of the data essential to the work of the Organization will be available in regular trade reports, but others will have to be obtained from Members as the need arises.
PART II

THE STATISTICAL REQUIREMENTS AND STATISTICAL FUNCTIONS
OF THE ORGANIZATION

(i) The Need for Statistics of International Trade.

It is evident from the review of the Charter in Part I that in the treatment of applications for release from obligations under Chapter III, in making determinations under Chapter IV, and in the handing down of decisions on charges of nullification or impairment under Chapter VIII the Organization will require statistics of international trade in far greater detail than has ever before been available to an international agency.

Members will furnish the Organization with, and will publish, statistics of international trade under the provisions of paragraphs 1 and 3 of Article 39, and will be expected to co-operate with the Organization in improving the data furnished by them and in supplying additional information as provided for in paragraphs 4 and 5 of that Article. In addition, there will be numerous occasions on which it will be necessary for the Organization to request certain Members, and sometimes all Members, to provide supplementary data in order that the Organization will be able to carry out its duties.

Being the greatest "consumer" of trade statistics, the Organization will wish to maintain close contact with the statistical services of each Member in order to ensure the maximum degree of uniformity in statistical methods and presentation, and in order to make known the needs of the Organization for information not ordinarily published. Knowledge of the Organization's special needs will result from liaison between the statistical officers and the operational divisions within the Secretariat; in particular, it is essential that the Intelligence and Operations Sections of the Commercial Policy Division should work in close collaboration.

(ii) The Publication of Trade Statistics.

Paragraph 6 of Article 39 places an obligation upon the Organization to act as a centre for the collection, exchange and publication of statistics of international trade. The reports which the Organization will publish may follow the pattern of the "Statistics of International Trade" which was published by the League of Nations and is now being brought up to date by the Statistical Office of the United Nations. The surveys of world trade published monthly and/or annually by the Organization will be based mainly upon the reports issued by Governments, but they may possibly be supplemented by data furnished in response to requests for additional information.

(iii) Relations with other Organizations.

The review of the Charter contained in Part I gave an indication of the many and varied purposes for which statistical data will be required by the Organization. A list of matters on which data will likely be required, in addition to the statistics of international trade, would include
employment, wages, national income, inflationary and deflationary tendencies, natural resources, production, public and private investment, the international flow of capital, consumption and stocks of primary commodities, price indices, etc.

There will probably be no need for the Organization to require Members to furnish statistics on these questions. Article 39, paragraph 5, forbids the Organization to ask for information which can be obtained from other inter-governmental organizations, and, further, Articles 86 and 87 call upon the Organization to make arrangements with the United Nations and other inter-governmental organizations, with related responsibilities, for effective co-operation and the avoidance of unnecessary duplication in their activities. The relationship agreements which are being negotiated provide for close co-operation in the compilation and publication of statistical data*. Insofar as the statistics required are being compiled by other agencies, the role of the Organization will be confined to collaboration with them to ensure that the material needed in the work of the Organization is available.

Reciprocally, the United Nations and the specialized agencies will look to the Organization for their requirements in the way of statistics of international trade. Accordingly, arrangements will have to be made within the framework of the relationship agreements for the Organization to supply the United Nations and the agencies with the trade data they require.

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* The Articles relating to statistical services in the draft relationship agreements with the United Nations, the International Monetary Fund, the Food and Agriculture Organization and the International Labour Organization are reproduced in the Annex to this Report.
PART III
A PROGRAMME OF WORK

The earlier sections of this Report and an examination of Article 39 lead to the following recommendations as an initial programme of work for the Organization:

(a) to review the statistics furnished by Members in the light of the operational needs of the Organization and to arrange to obtain the additional information required;

(b) to consult with Members on the improvement of the statistical data furnished by then, including an increase in the amount of information published monthly and annually, the more prompt transmission of data to the Organization and the revision of the statistical tables to conform to a standard list of commodities such as the "Minimum List" which was prepared by the League of Nations and is now being revised by the Statistical Commission of the United Nations;

(c) to promote agreement among Members on methods of valuation for statistical purposes and on definitions of terms such as "special trade" and "country of origin";

(d) to consult with Members on the injunction in paragraph 2 of Article 39 that so far as possible the statistics of trade should be related to tariff classifications and should reveal the operation of import and export restrictions;

(e) to consult with Members on any problems that may arise in connection with the requirement of paragraph 1 (b) of Article 39 that Members are to furnish statistics of revenue from import and export duties and of subsidy payments affecting international trade;

(f) to collaborate in studies, envisaged in paragraphs 6 and 7 of Article 39, of the problems of the comparability of international statistics, including the adoption of standard tariff and commodity classifications and the acceptance of nomenclatures, terms and forms;

(g) to arrange for the publication of monthly and annual statistics of world trade;

(h) to make arrangements with the United Nations and the Specialized Agencies regarding

   (i) statistics of employment, production, etc. to be obtained from them, and

   (ii) statistics of international trade to be furnished by the Organization; and

(i) to make arrangements to obtain any statistical information required that is not covered by the above.
Annex

Extracts from Draft Relationship Agreements between the ITO and the United Nations and other Inter-Governmental Organizations.

1. Draft Agreement between the ITO and the United Nations

"Article XV

Statistical Services

"1. The United Nations and the Organization agree to strive for maximum co-operation, the elimination of all undesirable duplication between them, and the most efficient use of their technical personnel in their respective collection, analysis, publication and dissemination of statistical information. They agree to combine their efforts to secure the greatest possible usefulness and utilization of statistical information and to minimize the burdens placed upon national governments and other organizations from which such information may be collected.

"2. The Organization recognizes the United Nations as the central agency for the collection, analysis, publication, standardization and improvement of statistics serving the general purposes of international organizations.

"3. The United Nations recognizes the Organization as the appropriate agency for the collection, analysis, publication standardization and improvement of statistics within its special sphere, without prejudice to the right of the United Nations to concern itself with such statistics so far as they may be essential for its own purposes or for the improvement of statistics throughout the world.

"4. The United Nations shall, in consultation with the specialized agencies, develop administrative instruments and procedures through which effective statistical co-operation may be secured between the United Nations and the agencies brought into relationship with it.

"5. It is recognized as desirable that the collection of statistical information should not be duplicated by the United Nations or any of the specialized agencies whenever it is practicable for any of them to utilize information or materials which another may have available.

"6. In order to build up a central collection of statistical information for general use, it is agreed that data supplied to the Organization for incorporation in its basic statistical series or special reports should, so far as applicable, be made available to the United Nations."

2. Draft Agreement between the ITO and the International Monetary Fund

"Article VII

Exchange of Information and Statistical Services

"1. Subject to paragraph 1 of Article VIII of this
Agreement, the ITO and the Fund shall, to the fullest extent practicable, arrange for the current exchange of information and publications of mutual interest, and the furnishing of special reports and studies upon request.

"2. All information furnished to the ITO pursuant to Article 24, paragraph 7, of the Havana Charter shall be made available to the Fund.

"3. In the interests of efficiency and for the purpose of reducing the burden on national governments and other organizations, the ITO and the Fund agree to co-operate in eliminating unnecessary duplication in the collection, analysis, publication and dissemination of statistical information."

3. Draft Agreement between the ITO and the Food and Agriculture Organization

"Article 8
Statistical Services

"1. The Food and Agriculture Organization and the International Trade Organization agree to strive, within the framework of the general arrangements for statistical co-operation made by the United Nations, for maximum co-operation with a view to the most efficient use of their technical personnel in their respective collection, analysis, publication, standardization, improvement and dissemination of statistical information. They recognize the desirability of avoiding duplication in the collection of statistical information whenever it is practicable for either of them to utilize information or materials which the other may have available or may be specially qualified and prepared to collect, and agree to combine their efforts to secure the greatest possible usefulness and utilization of statistical information and to minimize the burdens placed upon national governments and other organizations from which such information may be collected.

"2. The Food and Agriculture Organization and the International Trade Organization agree to keep one another informed of their work in the field of statistics and to consult each other in regard to all statistical projects dealing with matters of common interest. In particular, the organizations shall examine, in consultation as necessary with the Statistical Office of the United Nations, the desirability of submitting to governments in appropriate cases joint requests for statistical information."

4. Draft Agreement between the ITO and the International Labour Organization

"Article VIII
Statistical Services

(Note: The text of this Article is identical with Article 8 of the Agreement between the ITO and the Food and Agriculture Organization quoted above.)