Executive Committee
Second Session

SUMMARY RECORD OF THE FOURTH MEETING

Held at the Palais des Nations, Geneva,
on 27 August, 1948, at 10 a.m.

CHAIRMAN: Hon. L.D. WILGESS (Canada)

Mr. STINEBOWER (United States) stated that he had received authorization to consent to the resolution (ICTO/EC.2/SR2) confirming the commitment undertaken by the Executive Secretary that advances to the Interim Commission should be reimbursed by the ITO.

The CHAIRMAN proposed Sir Raghavan Pillai (India) as Chairman of the Sub-Committee on Economic Development and Reconstruction, pointing out that Sir Raghavan would be absent during the following week, when his place would be taken by Dr. Adarkar (India).


The CHAIRMAN recalled that the Resolution Establishing the Interim Commission had instructed it to carry out the functions and responsibilities referred to under Annex 2 (g). The relevant data were set out by the Secretariat in the paper now before the meeting and it was suggested that the Executive Committee determine a procedure for consultations with the Swiss Government. The Committee would have to determine whether it would prefer plenary discussions or defer the study to a
smaller group which would make recommendations as regarded procedure and timing of the discussions. He suggested that the Executive Committee confine itself to discussions of procedure.

Mr. PHILIP (France) said there were three aspects to the question:

1) a thorough analysis should be made of the present economic position of Switzerland with relation to its balance of payments in order that more information should be available than was the case at Havana;

2) review the position of Switzerland in relation to the changes which were now taking place in Western Europe and see how European economic co-operation might improve the position of Switzerland;

3) after an examination of the preceding points, an attempt should be made to reconcile the Swiss situation with the framework of the Charter.

The discussion would be highly technical and should therefore be entrusted to a small group.

Mr. STINEBOWER (United States) said that the suggestions of the Delegate of France coincided very nearly with those he had intended to make. He suggested that it was not so much a matter of consultation or negotiation as the preparation of a study. This might be entrusted to an economist of recognized international standing or to a small group, in which such a person should be included. There should be an appraisal of the gains and losses to Switzerland which would follow upon its accepting the Charter and finally consideration of any special conditions which might be attached to such acceptance could be subjected. Any special factors in the Swiss economy
should be thoroughly examined and also the possibilities of adjustments in the Swiss economy. If any exemption were found to be desirable, the study group should report to the Executive Committee as to its nature and duration.

Mr. DI NOLA (Italy) recognized the importance of Switzerland's entry into the ITO. Many countries, among which his own, had a great interest in the trade with Switzerland. He agreed that the economic aspect be fully examined but wished to point out the great importance of the juridical aspect, which was to be constantly borne in mind, if, in consideration of special temporary circumstances, exceptions were to be made in relation to the provisions of the Charter.

Mr. SUETENS (Benelux) said that he did not think the question insoluble and that a solution must be found. A small group should be set up to discuss first the situation and approach the Swiss Government.

Mr. SHACKLE (United Kingdom) did not think it advisable to try to impose any particular procedure on the Sub-Committee. The Sub-Committee should rather discuss what was needed and the scale of research required.

Mr. REAL (Switzerland) thanked the Executive Secretary for the clear and precise statement and the Executive Committee for its thorough consideration of the question and said his Government was prepared to examine suggestions and to discuss with any person or group nominated by the Sub-Committee.

The CHAIRMAN said the discussion had shown a general consensus and a desire to find a solution to the problem. There appeared to be a desire for a thorough investigation of the economic situation of Switzerland and the relationship
of that situation to Switzerland's membership of the ITO. As the Delegate of Italy had pointed out, this was not only an economic problem but a juridical one. Members appeared to agree to the advisability of appointing a working group and of securing the services of a highly trained economist and possibly of experts. This ad hoc Working Group would have to go further into the question of procedure and report back to the Committee. In the course of its studies, it could contact the Representative of Switzerland but before taking decisions as to procedure it should report back to the Executive Committee for approval. He proposed as members of the Working Group the representatives of Benelux, Canada, France, United Kingdom, United States.

Dr. AUGENTHALER (Czechoslovakia) had no objections to make but thought it would be wise if the terms of reference did not go beyond the study of procedure. It should not be given terms of reference which could constitute it a judge of Swiss economic policy nor try to give advice, because the Committee's action might be taken as an interference with Switzerland's sovereignty.

The CHAIRMAN did not think there was any suggestion that the Working Party should pass judgment or give advice. He proposed the following terms of reference:

To consider, in consultation with representatives of the Swiss Government, a procedure looking toward the preparation of a report by the ICITO, for presentation to the First Conference of the International Trade Organization, regarding the special problems relating to the possible adherence of Switzerland to the Havana Charter, having regard to the special problems connected with the Swiss economy as presented to the Havana Conference.
The composition of the Working Party and the terms of reference were approved.

The representative of Switzerland on interrogation by the Chairman stated that the formula proposed would be acceptable to the Swiss Authorities.

At a later stage in the debate, the Chairman proposed Mr. Suetons (Benolux) as Chairman.

Mr. STINEBOWER (United States) said that the drafting of those Agreements would require a mass of details so that if a Working Party was contemplated to which any Member of the Executive Committee could send comments, much time would be saved.

Mr. Warwick SMITH (Australia) said that his Government took the greatest interest in the development of the activities of the United Nations and that great importance was attached by it to the matter under discussion. He agreed with Mr. Stinebower but thought it would be worth spending some of the time of the Executive Committee on the study of the procedure best apt to achieve the results they had in mind. Draft Agreements should be produced which without committing any Governments would represent a close study by experts. They could then be circulated for comment.

Dr. AUGENTHALER (Czechoslovakia) thought the question should be referred directly to a sub-committee.

The CHAIRMAN thought that before referring the matter to a Sub-Committee, the Executive Committee should devote some time to the examination of the drafts and make comments to which the Executive Secretary would add his own, in order that the Sub-Committee might have some guidance. The
procedure should be agreed upon by the Executive Committee. It would have to be remembered that the final text had to be accepted by the Conference and the Economic and Social Council of the United Nations. If the Economic and Social Council should meet much later than the first Conference of the I.T.O., many months might have to elapse before the Agreements of relationship with the United Nations came into force. Up till now, the discussion had only been at Secretariat level and he thought there should be contacts with the United Nations before the First Annual Conference of the I.T.O.

Mr. SHACKLE (United Kingdom) thought that the special character of the ITO required a detailed study of the terms of the Agreement and suggested that a fairly large Subcommittee be appointed to go into these details. He also thought drafts should be submitted to Governments for their comments.

Dr. SZE (United Nations) referred to procedure and timing and said that experience had shown the desirability of having a draft agreement, at the earliest possible date, ready for approval and also referred to the desirability of an agreement to govern provisional relationship. (ICITO/EC.2/2/Footnote). For their guidance, he reminded the Executive Committee that the next meetings of the Economic and Social Council would take place on February 7th and July 5th 1949.

Mr. STINEBOWER suggested that the Executive Secretary try to find in Geneva documents relating to similar agreements with specialised agencies, for instance F.A.O. and I.L.O., for distribution to the Members of the Committee. Those agreements could be taken as a point of departure. He was not sure of the usefulness of appointing a negotiating group as had been suggested in the course of the meeting and thought his Government would be quite satisfied to have the Executive
Secretary correlate the suggestions he would receive and maintain contact with the Secretariat of the United Nations. Dr. SZE (United Nations) thought that it might be helpful to the members of the Committee to distribute to them a document with the standard articles which experience had shown had found a place in most or all of the Agreements.

The CHAIRMAN then proposed that a draft Agreement with the United Nations (ICIT0/EC.2/2 Add.1) be the subject of a general discussion article by article.

The Executive Secretary referred to paragraph 2 of Article 1 which he said found its "raison d'être" in the special nature of the ITO. Its broad functions led it into fields which were also the domain of the Economic and Social Council and its subsidiary organs. It referred in particular to the Economic and Employment Commission, with its Sub-Commission on Development and Employment, and to the Regional Commission. For this reason detailed arrangements would be necessary when the ITO came into being to avoid overlapping. The details of such arrangements could not be written into the Agreement itself and therefore he had thought that the Director-General should work out detailed arrangements in consultation with the Secretary-General of the United Nations.

Dr. GUERREIRO (Brazil) asked why no reference had been made to Article 41 of the United Nations Charter in paragraph 3, Article I of the Draft Agreement.

The Executive Secretary said that paragraphs 3, 4 of Article I of the Draft Agreement were intended to cover the provisions laid down by paragraphs 3, 4 of Article 86 of the Havana Charter and the Interpretative Note to the Article. Economic sanctions imposed by the Security Council were covered by Article VIII of the Draft Agreement.
Dr. GUERREIRO (Brazil) thought the drafting of paragraphs 3, 4 of Article I might give rise to doubts. However, as the Draft Agreement followed the text of the Havana Charter, perhaps it had better be left as it was.

The CHAIRMAN thought that the drafting of paragraphs 3, 4 of Article I could be examined by the Sub-Committee.

Mr. STINEBOWER expressed doubts as to the necessity of paragraphs 3 and 4. Those provisions dealt with matters which were an integral part of the Charters of the two Organizations and nothing in the Agreement could modify them. There was no corresponding article in other agreements.

Dr. GUERREIRO agreed with Mr. Stinebower.

The meeting rose at 1 p.m.