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Question of Technical Assistance to Economic
Development Raised During the Meetings of the Preparatory Committee
of the International Conference on Trade and Employment

(Prepared by the Secretariat in Connection with Item 11 of the
Provisional Agenda of the Economic and Employment
Commission - Document E/CN.1/1)

During the first session of the Preparatory Committee of the
International Conference on Trade and Employment, held in London in
October-November 1946, the delegates of seventeen nations met to consider
a draft charter related to international trade and employment. The importance
of economic development and its bearing on employment and international
trade was recognized and it was decided to set up a special Committee to
deal with this question. The approach of the Preparatory Committee may be
judged from a new chapter on Economic Development which was recommended by
the Preparatory Committee (Annex I).

Paragraph (3) of Article 11 of the ITO draft chapter on development,
dealing with the functions of ITO in advising member countries on their
plans for economic development and providing them with technical assistance
in carrying out their plans successfully, has been placed within square
brackets. This has been done to show that this function might be performed
by the ITO if ITO should be charged by the Economic and Social Council with
it, or alternatively by the United Nations. There is also appended the
resolution approved by the Preparatory Committee asking the Economic and
Social Council to rule on this issue (Annex II).

Regardless of what the decision may be on the specific question posed

as can be seen, as technical assistance is concerned, the ITO would, of course, have
many functions which touch upon economic development.

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The attention of the Economic and Employment Commission is also directed to several documents related to this question and submitted to the Commission in connection with items 14 and 15 (document E/CN.1/9) of the Provisional Agenda of the Economic and Employment Commission, (document E/CN.1/1).

ANNEX I

CHAPTER IV OF THE DRAFT CHARTER OF
THE INTERNATIONAL TRADE ORGANIZATION OF THE UNITED NATIONS

CHAPTER IV

ECONOMIC DEVELOPMENT

Article 10

Importance of Economic Development

Members recognize that the industrial and general economic development of all countries and in particular of those countries whose resources are as yet relatively undeveloped will improve opportunities for employment, enhance the productivity of labour, increase the demand for goods and services, contribute to economic stability, expand international trade and raise levels of real income, thus strengthening the ties of international understanding and accord.

Article 11

Plans for Economic Development

- (1) Members undertake to promote the continuing industrial and general economic development of their respective countries and territories in order to assist in realizing the purposes of the Organization.
- (2) Members agree that they will co-operate through the Economic and Social Council of the United Nations and the appropriate inter-governmental organizations in promoting industrial and general economic development.
- (3) The Organization, at the request of any Member, shall advise such Member concerning its plans for economic development and, within its competence and resources, shall provide such Member with technical assistance in completing its plans and carrying out its programmes.

Article 12

Means of Economic Development

- (1) Members recognize that progressive economic development is dependent upon the availability of adequate supplies of:

/(a) capital funds;

- (a) capital funds; and
- (b) materials, equipment, advanced technology, trained workers and managerial skill.

(2) Members agree to impose no unreasonable impediments that would prevent other Members from obtaining access to facilities required for their economic development.

(3) Members agree to co-operate within the limits of their power to do so, with the appropriate international organizations of which they are Members in the provision of such facilities.

(4) Members agree that, in their treatment of other Members, business entities or persons supplying them with facilities for their industrial and general economic development not only will they conform to the provisions of their relevant international obligations, now in effect, or which they may undertake pursuant to paragraph (5) of Article 66 or otherwise, but also that in general they will take no unreasonable action injurious to the interests of such other Members, business entities or persons.

(5) The Organization shall receive from any affected Member or with the permission of that Member from business entities or persons within its jurisdiction, complaints that action by another Member is inconsistent with its obligations under paragraphs (2), (3) or (4). In the event of such complaint, the Organization may, at its discretion, request the Members concerned to enter into consultation with a view to reaching a mutually satisfactory settlement and may lend its good offices to this end.

Article 13

Governmental Assistance to Economic Development

(1) Members recognize that special governmental assistance may be required, in order to promote the establishment or reconstruction of particular industries and that such assistance may take the form of protective measures.

(2) Members recognize that an unwise use of such protection would impose undue burdens on their own economies and unwarranted restrictions on

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international trade and might increase unnecessarily the difficulties of adjustment for the economies of other countries.

(3) (a) If a Member, in the interest of its programme of development, proposes to employ any protective measures, which would conflict with any of its obligations under or pursuant to the provisions of the Charter, it shall inform the Organization, and shall transmit to the Organization any finding in support of this proposal. The Organization shall promptly inform those Members whose trade would be substantially affected by the proposal and afford them an opportunity to present their views. The Organization shall then promptly examine the proposal in the light of the provisions of this Chapter, the findings presented by the applicant Member, the views presented by Members substantially affected and of such criteria as to productivity and other factors as it may establish, taking into account the stage of economic development or reconstruction of the Member.

(b) If, as a result of its investigations pursuant to sub-paragraph (a), the Organization determines upon any measure, which would be inconsistent with any obligation that the applicant Member has assumed through negotiation with other Members pursuant to Chapter V or which would reduce the benefit to such other Members of any such obligation, the Organization shall sponsor and assist in negotiations between the applicant Member and the other Members substantially affected with a view to reaching substantial agreement. Upon such agreement being reached, the Organization may release the applicant Member from the obligation in question or from any other relevant obligation under the Charter, subject to such limitations as the Organization may impose.

(c) If, as a result of its investigations pursuant to sub-paragraph (a), the Organization concurs in any measure other than those covered in sub-paragraph (b), which would be inconsistent with any obligation

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assumed under this Charter, the Organization may, in its discretion, release the applicant Member from the obligation in question, subject to such limitations as the Organization may impose.

SOURCE: Report of the First Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, London, October 1946.

ANNEX II

RESOLUTION REGARDING INDUSTRIAL DEVELOPMENT

Whereas it is anticipated that the Economic and Social Council will shortly consider the question of dividing responsibilities not yet allocated in the field of economic development among the various agencies concerned and of co-ordinating these activities.

And whereas the Preparatory Committee at its first session has discussed the positive functions in relation to industrial development which might be exercised by the International Trade Organization, particularly the furnishing of advice to members concerning their plans and, within its competence and resources, the provision of technical aid in the formulation and execution of such plans.

And whereas so that the Preparatory Committee may further carry out its terms of reference as regards industrial development, it is desirable for it to have the guidance of the Economic and Social Council upon the views which were exchanged at the first session.

The Preparatory Committee of the International Conference on Trade and Employment

Hereby requests the Executive Secretary to draw the attention of the Economic and Social Council to those portions of the Report of the Preparatory Committee which are concerned with the possible performance by the International Trade Organization of functions in relation to industrial development and to ask the Economic and Social Council to state, before the commencement of the second session of the Committee, whether paragraph (3) of Article II of the Charter included provisionally in the Chapter on Economic Development is in accordance with the Council's views on the appropriate allocation of functions relating to economic development.

SOURCE: Report of the First Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, London, October 1946, Annexure 8.