

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

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Progress Report to 12 August 1947

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PART I  
GENERAL PROGRESS

The target dates for the final plenary sessions of the Preparatory Committee are now August 21 and August 22, when it is expected that work on the Draft Charter will be completed. The target date for completion of Tariff Negotiations is September 10. Discussions on the General Agreement on Tariffs and Trade are in progress in the Tariff Agreement Committee on which all 17 member countries of the Preparatory Committee are represented.

PART II  
DETAILED PROGRESS ON CHARTER DISCUSSIONS

The following Articles have been completed in subcommittee since the issue of Press Release No.269 of 4 August.

ARTICLE 26.

The general purpose of the original text, which was to establish terms under which an ITO member in balance of payments difficulties may restrict the quantity or value of imports, remains unaltered. The article makes allowances specifically (a) for the difficulties of post war adjustment, and (b) for the need to maintain full employment and to develop industrial and other resources and to raise standards of productivity. Member countries must undertake to "play fair" in restoring equilibrium in their balance of payments and not to exclude

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imports of "minimum commercial quantities" (such as samples) which would damage regular channels of trade. The ITO is to be the forum for discussion of import restrictions designed to safeguard balance of payments, and will have powers to recommend Member countries to withdraw or modify such restrictions. It is recognized that trade or financial speculation might result from premature disclosure about imposing or withdrawing import restrictions which are related to balance of payments difficulties. ITO is, therefore, instructed to conduct its relevant consultations in "utmost secrecy".

ARTICLE 28 deals with exceptions to the general rule that quantitative restrictions should not discriminate against the products of any particular country. It is recognized that when "a substantial and widespread disequilibrium prevails in international trade and payments" a Member country should, under certain safeguards, be able to increase its imports from certain sources without unduly depleting its monetary reserves, provided that the ITO is fully informed.\*

ARTICLE 29 provides the working basis between ITO and the International Monetary Fund. ITO will be obliged to consult fully with the IMF on problems concerning monetary reserves, balance of payments or foreign exchange arrangements. Subject to an agreement to be worked out between ITO and IMF, ITO will accept IMF statistics in these fields and IMF determination as to the monetary reserve position of an ITO member. Arrangements are laid down for dealing with cases of ITO Members which are not members of IMF or vice versa.

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\* The views of the members of the Subcommittee which redrafted Article 28 are subject to further instructions from their Governments.