I. Financing of Secretariat Services.

The Working Party agreed to consider the question of financing the Secretariat services for the Contracting Parties for a period beginning with the opening of the Second Session and ending 31 December 1949.

The Secretariat accordingly provided budget estimates to cover this period (Annex A).

The Working Party considered two alternative plans, A and B, which are set out in Annex B to this Report. It was generally agreed in the Working Party that there were many practical advantages in Alternative B since it would avoid some of the accounting and budgetary difficulties inherent in Alternative A. On the other hand, it was impossible to arrive at a general agreement on Alternative B because of the divergent views of the United States Delegation.

It was accordingly agreed to explore further the practicability of Alternative A. Here, however, the Working Party was confronted with the difficult question of the basis for assessing costs as between Members. Some members of the Working Party favoured a per capita division since the Contracting Parties are not an organization but a meeting of equal Governments who are parties to a common agreement. Members who were opposed to a per capita division felt that any such arrangement would result in inequities as between the Contracting Parties and also establish a harmful precedent.

The Working Party submit the following recommendations for a compromise solution. If these recommendations are accepted the Working Party recommend the adoption of the Resolution attached to this Report as Annex C.

(a) That in respect of the Second Session, the Contracting Parties should adopt the procedure suggested in paragraphs 1 and 2 of Alternative B, that is to say, that ICITO should absorb the expenses of the Contracting Parties up to the end of the Second Session. These expenses should be accounted for separately in the accounts of the Interim Commission in case any question should later be raised regarding the manner in which expenses attributable to the Contracting Parties should ultimately be divided.

(b) As regards the future expenses of the Contracting Parties a "pay as you go" arrangement on the lines of Alternative A should be adopted. For the purpose of the division of expenses, the Contracting Parties should be classified according to four categories:
Category A - Countries whose share of total external trade as shown in Annex H of GATT is 10% or more, i.e. United Kingdom and United States.

Category B - Countries whose share is 5% or more but less than 10%, i.e. Belgium, Canada, France.

Category C - Countries whose share is 1% or more but less than 5%, i.e. Australia, Brazil, China, Czechoslovakia, India, Netherlands, Pakistan, New Zealand, Norway, South Africa.

Category D - Countries whose share is less than 1%, i.e. Burma, Ceylon, Cuba, Lebanon, Luxembourg, Southern Rhodesia, Syria.

As between these categories the expenses should be divided in accordance with the following proportions:

<table>
<thead>
<tr>
<th>Category</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category A</td>
<td>10 units per country</td>
</tr>
<tr>
<td>Category B</td>
<td>6 units per country</td>
</tr>
<tr>
<td>Category C</td>
<td>4 units per country</td>
</tr>
<tr>
<td>Category D</td>
<td>1 unit per country</td>
</tr>
</tbody>
</table>

In order to cover the budget estimates for the Contracting Parties from the end of the Second Session until 31 December, 1949, a unit contribution of $900 would be required, giving the following contributions:

<table>
<thead>
<tr>
<th>Category</th>
<th>Countries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category A</td>
<td>2 countries</td>
<td>$18,000</td>
</tr>
<tr>
<td>Category B</td>
<td>3 countries</td>
<td>$16,200</td>
</tr>
<tr>
<td>Category C</td>
<td>10 countries</td>
<td>$36,000</td>
</tr>
<tr>
<td>Category D</td>
<td>7 countries</td>
<td>$6,300</td>
</tr>
</tbody>
</table>

(c) The contribution of each Contracting Party determined in accordance with the above formula should be paid not later than 31 July 1949 to the Financial Officer at the European Office of the United Nations for the account of the Contracting Parties. Payment may be made in U.S. dollars or Swiss francs at the option of each Contracting Party. The approval of these financial arrangements shall also constitute authority to the Executive Secretary of the ICITO to apply at such time as he may deem appropriate, the sums so paid into this account to reimburse the Interim Commission for advances to the Contracting Parties.

(d) These collective arrangements by the Contracting Parties in their individual capacities shall not be construed as in any way conferring upon them the character of an international organization. Accordingly, the basis for division of expenses between the Contracting Parties in no way constitutes a precedent for the basis of contributions by governments to international organizations.

(e) Countries which are not at present Contracting Parties but which accede to the General Agreement as a result of the new tariff negotiations shall participate in this financial arrangement on the same basis as the present Contracting Parties. Such participation shall relate to all expenses incurred from the date of the commencement of the new tariff negotiations, i.e. 11 April 1949.
contributions of the present Contracting Parties shall be adjusted to take account of the contributions of new Contracting Parties.

(f) In the event that Havana Charter does not enter into force, the Contracting Parties agree that the expenses of the Second Session shall also be reimbursed.

II. Revision of text of Rule 14 of the Rules of Procedure.

If the Contracting Parties accept the recommendation of the Working Party on the financing of Secretariat services, it is suggested that the text of Rule 14, as provisionally adopted, be amended to read as follows:

"The usual duties of a Secretariat shall, by agreement with the Interim Commission for the International Trade Organization, be performed by the Executive Secretary of the Interim Commission on a reimbursable basis."

III. Reprint of the General Agreement on Tariffs and Trade.

The Working Party agreed as to the value of a reprint of the GATT but considered that, in the interests of economy, it was undesirable to undertake such reprinting as a charge to the expenses of the Contracting Parties. They understand however that some governments may reprint VOL. I of the GATT and Protocols for their own purposes and they suggest that the Contracting Parties might invite such Governments to consider making a number of printed copies available to the other Contracting Parties. In these circumstances, the Working Party suggest that the Secretariat be instructed to prepare a consolidated text in mimeographed form only.

IV. Procedure for carrying out consultation between and for action by, the Contracting Parties during periods between sessions.

The Working Party suggest that the procedure agreed upon at the First Session should be continued. Under this procedure, any communication which a contracting party or other signatory of the Final Act at Geneva wishes to bring before other contracting parties shall be sent to the Chairman of the Contracting Parties, care of the Executive Secretary.

It should be understood, however, that this procedure would not preclude direct consultation between a contracting party and one or more contracting parties on matters of specific interest between such members or in case of emergency, (e.g. action under Article XIX). In such cases, however, the contracting party initiating the consultation directly should concurrently inform all the contracting parties by an appropriate communication to the Chairman.

The Contracting Parties should be prepared to meet at short notice by the Chairman to consider any urgent matter subject to the jurisdiction of the Contracting Parties which
a contracting party wished to bring before them between regular sessions of the Contracting Parties.

V. Date of the Third Session of the Contracting Parties

The Working Party recommend that the Third Session of the Contracting Parties should convene on 8 April 1949. An earlier date would present problems to some of the Contracting Parties in view of their preparations for the tariff negotiations. It seemed to the Working Party, in the light of the experience in 1947 in Geneva, when the Preparatory Committee and the Tariff Agreement Committee met concurrently with the conduct of tariff negotiations, that the holding of the Session concurrently with the tariff negotiations would not present any serious problem. The fixing of a date a few days earlier than the opening of the tariff negotiations would afford an opportunity to deal with any urgent matter which might require to be dealt with prior to the negotiations.
## ANNEX A

**BUDGET ESTIMATES FOR CONTRACTING PARTIES**

**16 August, 1948, through 31 December, 1948**

<table>
<thead>
<tr>
<th>Period</th>
<th>Conference Services</th>
<th>Secretariat</th>
<th>Preparatory Documentation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second Session, 16 August, 1948</td>
<td>10,000</td>
<td>2,500</td>
<td>1,465</td>
<td>12,965</td>
</tr>
</tbody>
</table>

**16 August, 1948 (date of closure Second Session) to 31 May, 1949**
*(closure date of Third Session including Tariff Negotiations):*

<table>
<thead>
<tr>
<th>Period</th>
<th>Inter-session Secretariat Services</th>
<th>Preparatory Documentation</th>
<th>Third Session Conference Services</th>
<th>Third Session Secretariat Services</th>
<th>Tariff Negotiations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 August, 1948</td>
<td>9,000</td>
<td>500</td>
<td>10,000</td>
<td>2,500</td>
<td>28,000</td>
<td>50,000</td>
</tr>
</tbody>
</table>

**1 June, 1949, to 31 December, 1949:**

<table>
<thead>
<tr>
<th>Period</th>
<th>Inter-session Secretariat Services</th>
<th>Preparatory Documentation</th>
<th>Fourth Session, Conference Services</th>
<th>Fourth Session Secretariat Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 June, 1949</td>
<td>5,000</td>
<td>500</td>
<td>10,000</td>
<td>2,500</td>
<td>18,000</td>
</tr>
</tbody>
</table>

**Unforeseen Expenses:**

<table>
<thead>
<tr>
<th>Period</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 June, 1949</td>
<td>8,000</td>
</tr>
</tbody>
</table>

**Total:** 88,965

### Notes:

The figures for the Secretariat Services are arrived at by taking an amount of 10% of the Personnel Budget of the Interim Commission for the International Trade Organization Secretariat for periods between sessions, and 50% of this budget during sessions.
ANNEX B

Possible arrangements for discharging these financial commitments

Alternative A.

(1) As regards the period between the First and Second Sessions no charge to be made to the Contracting Parties except for the expenses arising from the physical preparation of documents. These latter expenses could be added to the costs of the Second Session.

(2) As regards the Second Session, the Executive Secretary of the ICITO to furnish the Contracting Parties with as accurate an estimate as possible of the actual expenses involved (plus, if so decided, a sum for the services of personnel of the Secretariat of ICITO based on a percentage figure to be agreed.) Each Contracting Party would either at the end of the Session or within 60 days thereof pay to the Executive Secretary of the ICITO its allotted share of the sum so arrived at.

(3) A similar procedure to be followed in respect of each subsequent session. The Executive Secretary of ICITO to keep an account of services rendered to the Contracting Parties between any two Sessions, the charges for such services to be added to the costs of the later session.

(4) In submitting budget estimates for the ICITO for the last quarter of 1948 and for 1949 the Executive Secretary to make provision for amounts necessary to assure the servicing of the Contracting Parties, assuming for this purpose that two sessions will be required during 1949 and that a meeting for further tariff negotiations will probably take place during the early part of that year.

Tentative estimates:-

Two Sessions of Contracting Parties lasting 14 days each $15,000
Tariff negotiations, assuming that only the multilateral stage would be chargeable to the Contracting Parties $7,600
Documentation $2,250
Total $24,850

(5) Sums paid to the Executive Secretary of the ICITO by Contracting Parties for services rendered to be paid in turn by him to the United Nations in order to reduce proportionately the debt due from the ICITO to the United Nations.
(6) Allocation of costs between the Contracting Parties

(a) provided total estimated costs do not exceed $100,000 for period March 24, 1948, to December 31, 1949, contributions to be on a per capita basis, it being understood that this arrangement is without prejudice to any general principles regarding the allocation of expenses of international bodies;

(b) if total estimated costs exceed $100,000 contributions to be based upon percentage shares of total external trade contained in Annex H to the GATT;

(c) contributions to be payable in U.S. dollars or Swiss francs at the option of the Contracting Party concerned.

Alternative B.

(1) Contracting Parties to make formal request to the ICITO to provide Secretariat services on a non-reimbursable basis.

(2) Pending consideration of the request by the ICITO no decision to be taken regarding Second Session expenses and question to be reconsidered at Third Session in the light of the reply from the ICITO.

(3) Assuming acquiescence of ICITO in suggestion (1) above, expenses of the Contracting Parties to be included with the other expenses of the ICITO in the total sum which the future ITO would be obligated to reimburse to the United Nations. At the first conference of the ITO it could be decided whether the total expenses of the ICITO (including the costs of services provided to the Contracting Parties) should be met out of the general budget of the Organization or whether an additional contribution should be levied on Contracting Parties members of the ITO in respect of that part of the expenses of the Interim Commission attributable to the servicing of the Contracting Parties.
ANNEX C

WHEREAS Article XXV of the General Agreement on Tariffs and Trade provides that: "Representatives of the contracting parties shall meet from time to time for the purpose of giving effect to those provisions of this Agreement which involve joint action and, generally, with a view to facilitating the operation and furthering the objectives of this Agreement"; and

WHEREAS it is necessary to make provision for Secretariat services for such meetings and for consultation between the Contracting Parties in the intervals between such meetings;

The Contracting Parties RESOLVE to recommend their respective governments to take the necessary steps to give effect to the financial arrangements set out in the Annex to this Resolution.