I. INTRODUCTION

1. This Note is limited to an analysis of those functions laid upon the Contracting Parties by specific provisions of the Agreement which predicate that the Contracting Parties are in a position to take joint action at any time. This implies that the Contracting Parties must either be prepared to meet at any time or to provide suitable machinery to discharge those functions when required. Similarly, the Contracting Parties have other responsibilities the discharge of which would be substantially facilitated by the existence of some continuing committee.

II. MAIN CONTINUING FUNCTIONS OF THE CONTRACTING PARTIES

Tariff Problems

2. Article XIX provides that before any contracting party takes action under paragraph 1 of the Article, it shall afford the Contracting Parties an opportunity to consult with it in respect of the proposed action. As the action contemplated is of an emergency character, it is clear that if the Contracting Parties wish to consult in accordance with the provisions of paragraph 2 of Article XIX, they have to act rapidly in order to avoid damage to the interests of the country proposing to invoke the provisions of paragraph 1.

3. Moreover, if an agreement among the interested contracting parties is not reached, the Contracting Parties have to indicate whether they disapprove or not of the suspension of substantially equivalent obligations or concessions by the contracting parties affected. As such suspension must be announced within 90 days after action has been taken under paragraph 1 of Article XIX, the Contracting Parties will probably desire to inform the parties concerned of their views before the suspension takes effect, i.e., before the expiration of 30 days from the day on which the written notice of such suspension is received by them.

4. Another provision of the Agreement which might require rapid action is that contained in paragraph 6 (a) of Article II. If a country devalues its currency, it may feel it necessary to adjust certain specific duties and charges without waiting for the next ordinary session of the Contracting Parties. It may, therefore, be necessary for the Contracting Parties to work out a procedure which may avoid undue delay in the decision which is to be taken by them under this paragraph.

5. Whilst the same need for urgent action may not arise in the near future out of the application of Article XXIV, this is a case where preparatory examination would greatly facilitate the carrying out of the responsibilities of the Contracting Parties if they are called upon to act under that Article.
6. Under paragraph 10 of Article XVIII the Contracting Parties are required to advise, "ordinarily within 15 days after receipt of an application", the contracting party, which proposes to introduce a measure of the type referred to in paragraph 6 of Article XVIII of the date by which a decision will be taken by the Contracting Parties. This decision, as a rule, has to be given "at the earliest practicable date and not later than 90 days after receipt of such application". As indicated in GATT/CP.3/60/Rev.1, the preparation and examination of the information submitted by the applicant country, and in some cases of the objections raised by other contracting parties to the proposed measures, as well as the preparation of recommendations to the Contracting Parties, may have to take place before a regular meeting of the Contracting Parties is held, in order to avoid undue prolongation of the Session. At their Third Session, the Contracting Parties agreed to set up an intersessional committee which could be convened between the sessions and which would be responsible for making recommendations to the Contracting Parties.

7. The Contracting Parties have also responsibilities in connection with renegotiations arising out of paragraphs 3 (b) and 5 of Article XVIII. Whilst the decision to grant a release will have to be taken by the Contracting Parties, there are a number of preliminary stages which could hardly be deferred until a regular Session. Paragraph 4 of Article XVIII also implies the ability of the Contracting Parties to consult at any time with a contracting party when it wishes to adopt preventive measures or to suspend its obligations or concessions in emergency circumstances.

8. Consultations under Article XII 4(a), (b) and (c):

Under paragraphs 4(a) and 4(c) a contracting party may wish to consult with the Contracting Parties before it institutes or intensifies restrictions under Article XII. The Contracting Parties must be in a position to meet such requests promptly. Under paragraph 4(b) the Contracting Parties are required to invite a contracting party intensifying import restrictions under Article XII to enter into consultations within 30 days. Lack of adequate machinery for arranging prompt and expeditious consultation renders the implementation of this provision extremely difficult, as experience has shown. The Contracting Parties recognised this at their Third Session by establishing an intersessional procedure to initiate such consultations, and by approving the proposals contained in GATT/CP.3/30/Rev.1 and GATT/CP.3/50/Rev.1 which provided for the convening of an ad hoc committee or a select committee according to the nature of the consultations.

9. Examination of Complaints Lodged under Article XII 4(d):

If a contracting party asks the Contracting Parties to examine whether the restrictions of another contracting party are applied inconsistently with the provisions of the Agreement, it may be necessary for the Contracting Parties to make arrangements for a preliminary examination of all the facts in order to arrive at a rapid and fully considered decision in the course of a single Regular Session. Here again the Contracting Parties at their Third Session recognised the desirability of providing for some intersessional procedure (see GATT/CP.3/50/Rev.1 par.17-20) and in adopting the report of the Working Party they considered that in some cases a committee might be useful in assisting the Contracting Parties to effect a settlement of the differences.
10. **Third Report under Article XIV(g):**

The Contracting Parties will have to draft in 1952 a Third Report on restrictions which are still applied under Article XII and which deviate from the rule of non-discrimination. A decision will have to be taken at the Sixth Session as to the arrangements to be made for the preparation of that report. The experience gained in drafting the First Report clearly indicated that some preparatory work by a body of representatives of contracting parties would have contributed substantially to improving the quality of the Report and saving time at the Session where it was approved.

11. **Other Action under Article XIV:**

As from March 1952, the Contracting Parties have important functions to discharge in connection with the application of discriminatory measures. Paragraph 1 (g) of Article XIV provides that in March 1952 any contracting party still entitled to take action under paragraph (1)(c) or under Annex J shall consult the Contracting Parties as to any deviations from Article XIII still in force and as to its continued resort to the provisions of paragraph (1)(c) or Annex J. This predetermines that the Contracting Parties will be in session in March 1952, or will have made other arrangements for initiating such consultations during that month. Moreover, the Contracting Parties may, as a result of such consultations, prescribe limitations of a general character to which permitted deviations may be subjected. They may also make representations, in exceptional circumstances, to any contracting party which is entitled to take action under the provisions referred to above. The Contracting Parties may also be called upon to give their consent to a temporary deviation from the rule of non-discrimination under the circumstances defined in paragraph 2 of Article XIV. Finally, the Contracting Parties have responsibilities to discharge under paragraph 3 of Annex J with respect to the exceptions provided in that annex.

12. It is difficult to see how the Contracting Parties will be able to discharge these increasing responsibilities under Article XIV without some intersessional machinery with authority to carry out at least the necessary preparatory work.

13. **Special Exchange Agreements (Article XV para. 6):**

The implementation of a special exchange agreement concluded with a contracting party which is not or ceases to be a member of the Fund, may require the existence of some continuing machinery which would be available to deal with matters requiring urgent action. The examination of procedures for implementing special exchange agreements at successive sessions of the Contracting Parties has underlined this need.

14. **Procedures for consultation with the International Monetary Fund (Article XV para. 3):**

The provisional arrangement with the International Monetary Fund may be reviewed at the Sixth Session and it is not appropriate here to anticipate action by the Contracting Parties in this respect. It is, however, clear that consultation arrangements with the Fund would be greatly facilitated if there were some continuing body of the Contracting Parties between sessions. If and when the Contracting Parties feel disposed to replace the present provisional arrangement with the Fund by a more formal agreement it would be helpful if so important a matter could receive careful preparatory study before being finally considered by the Contracting Parties.
Action arising out of Article XXIII

15. If a contracting party wishes to refer to the Contracting Parties a case under Article XXIII, the Contracting Parties are required to investigate "promptly" any matter so referred to them. The decisions in such cases are clearly of great importance especially as they may involve the suspension of obligations or concessions. Accordingly, the Contracting Parties will wish to examine each case in considerable detail. Preparatory examination of cases by a standing committee would greatly facilitate the task of the Contracting Parties in giving adequate consideration to the case and arriving at a decision in the course of a single session.

16. Experience gained in dealing with complaints which have been formally referred to the Contracting Parties under the provisions of Article XXIII, or which were in the nature of an Article XXIII request, support this view. In the case of the Chilean request regarding subsidies on fertilisers, it was necessary to examine an important documentation to bring out the facts of the case: as regards the application of Brazilian internal taxes, the examination of the material required extensive study by working parties at two sessions, and at the current session the Working Party came to the conclusion that there was not sufficient time to assemble and examine all the documents required for a full study of all the aspects of the problem. Another question which raised similar difficulties was the request submitted by the Cuban government with respect to the position of the Cuban textile industry.

Other Functions of the Contracting Parties

17. In addition to the specific functions referred to above, it should be noted that under paragraph 1 of Article XXV of the General Agreement the Contracting Parties have certain implied functions covered by the phrase "representatives of the Contracting Parties shall meet from time to time ... generally with a view to facilitating the operation and furthering the objectives of this Agreement." For example, under this general provision, the Contracting Parties have a number of functions relating to tariff negotiations and the schedules to the Agreement. These functions involve a number of administrative arrangements of some detail and importance, which can only with difficulty be dealt with at a regular session, as was shown, for example, by the need for a Working Party to continue between the Third and Fourth Sessions to complete arrangements for the present negotiations. Particularly difficult questions may arise in the future if certain non-participating countries wish to negotiate for accession in the interval, which may be long, between the Torquay negotiations and any further general round of negotiations. Whilst the Contracting Parties might well decide in principle on such a matter at a regular session it might be difficult to work out and implement the necessary arrangements in the absence of some continuing body. Similarly experience has shown that a considerable number of problems arise in connection with the rectification and modification of schedules, and some mechanism for dealing with these would be desirable even in present circumstances, and might well become essential if sessions were held at longer intervals.

18. Moreover, under Article XXV, the Contracting Parties may at any time be called upon to consider applications by a contracting party or contracting parties for waiver of obligations. Some of these applications may be of great complexity and of an urgent character. In order that they may be disposed of in a single session a good deal of preparation might be required. For example, governments which are contracting parties may also be involved in other arrangements which affect their GATT obligations. If the Contracting Parties are called upon to consider waivers of GATT obligations in such cases (as for example, in the case of the Schuman plan) very extensive preparation may have to be made in advance of the session at which these matters are to be decided upon.
III GENERAL REMARKS

19. This note is confined to a summary analysis of the main continuing functions with the purpose of showing how far their performance would be facilitated by some sort of Standing Committee between sessions. As will have been seen above, the Contracting Parties have recognised this problem previously in relation to intersessional action relating to Article XVIII and the balance of payments articles, and have contemplated intersessional bodies with powers to carry out preparatory work, including the initiation of consultations in certain cases, and the submission of recommendations. Any general standing committee which the Contracting Parties establish would presumably absorb the powers of these bodies.

20. In this analysis it has been assumed that intersessional work should be limited to a preparatory and recommendatory character, not including the taking of decisions, which are reserved exclusively for the Contracting Parties.

21. If it were decided to set up an intersessional body, it would be desirable to examine to what extent this body could also act as an agenda committee. If a preliminary examination could be made of the items of the Agenda, it would be possible to clarify the issues submitted to the Contracting Parties, to indicate any additional information and documentation required and to instruct the Secretariat to obtain or provide it, and to make recommendations regarding the order of business of each regular session. Such an Agenda Committee has been found useful, e.g., by the Economic and Social Council, in the arrangement and expediting of its work.

22. This note does not cover other organisational matters, such as the strengthening of the secretariat which was referred to in the plenary discussion, or other administrative and financial matters.

23. For the convenience of the members of the Working Party the various points which the Working Party has agreed to cover in its discussions are listed below:

(i) Standing Committee:

(a) Designation
(b) Terms of reference
(c) Rules of procedure
(d) Composition (including method of selection; rules for the rotation of membership and tenure of office)
(e) Chairmanship
(f) Place of Meeting

(ii) Administrative and financial questions, including Secretariat structure.
12 December 1950.

Working Party "L" on the Continuing Administration of the General Agreement

Note by the Chairman

TERMS OF REFERENCE FOR THE PROPOSED STANDING COMMITTEE

1. The Working Party appears to have completed a first stage in its deliberations. Members have agreed that their discussions should relate only to administrative questions arising in connection with the establishment of a standing committee, and that questions of policy should be left for governments to consider between the Fifth and Sixth Sessions.

2. I suggest that our report can begin with a statement of our agreement on that point. We could then set out in our report a summary of the continuing functions and responsibilities of the Contracting Parties, roughly on the lines proposed by the Executive Secretary in GATT/CP.5/L/2, and record our conclusion that an examination of these functions and responsibilities clearly suggest that a standing committee could serve a useful purpose. If this conclusion should not be unanimous, the views of members of the Working Party who disagree with it could be recorded in our report.

3. If the Working Party agrees with the foregoing summing-up of our deliberations to date, we can proceed with a discussion of the terms of reference for the proposed standing committee. The following might be taken as a basis for discussion:

Proposed Terms of Reference

1. To initiate and conduct consultations under Articles XII to XV, at times when the Contracting Parties are not in session, and to make appropriate recommendations to the Contracting Parties.

2. To assist the Contracting Parties in the discharge of other responsibilities under Article XV.

3. To initiate and conduct consultations under Article XVIII at times when the Contracting Parties are not in session, and to make appropriate recommendations to the Contracting Parties.

4. To initiate consultations on, and facilitate the settlement of, disputes between individual contracting parties arising under the provisions of the General Agreement.

5. To initiate and carry out preparatory work on questions referred to the Contracting Parties by individual contracting parties under Articles XXIV and XXV.

6. To carry out any specific action and to exercise any specific function expressly assigned to the Committee by the Contracting Parties at any session.
7. To instruct the Secretariat to obtain from contracting parties any information required by the Contracting Parties in the exercise of their functions under the Agreement.

8. To examine the provisional agenda for each session of the Contracting Parties and to establish a priority for items and generally to make arrangements for the conduct of the session.

9. In general to make recommendations to the Contracting Parties and to do preparatory work on any matters with which the Contracting Parties will be required to deal at a regular session, in order to expedite the work of the session.
7. To instruct the Secretariat as necessary to provide or obtain information from contracting parties required by the CONTRACTING PARTIES in the consideration of items on the agenda of their regular session or necessary for the carrying out of the functions of the Standing Committee.

8. To examine the provisional agenda for each session of the CONTRACTING PARTIES and to establish a priority for items and generally to make arrangements for the conduct of the session.

9(a). In general to make recommendations to the CONTRACTING PARTIES and to do preparatory work on any matters with which the CONTRACTING PARTIES will be required to deal at a regular session, in order to expedite the work of the session.

9(b). In accordance with the rules approved by the CONTRACTING PARTIES, to take telegraphic polls of the contracting parties on matters which require urgent decisions, and to convene special sessions of the CONTRACTING PARTIES to deal with such matters.
13 December 1950

THE ADMINISTRATION AND BUDGET OF THE CONTRACTING PARTIES

Note of the Executive Secretary

1. On the basis of the analysis of the continuing functions of the Contracting Parties, the Executive Secretary has prepared for the consideration of the Working Party:

(a) A draft manning table of the Secretariat for the first year of application of the arrangements proposed, showing the structure of the Secretariat and the grading of the various officials. The manning table as adopted by the Contracting Parties would represent the maximum establishment of the Secretariat for that year, and the Executive Secretary would be authorised to make the necessary appointments within the limits of the table in accordance with the requirements of the work contemplated.

(b) A draft budget for the first year of operation. The budget estimates have been scaled down as far as was consistent with the probable workload. The Executive Secretary will have to exercise his discretion so as to limit the expenditure to the actual needs of the Organization.

2. The Executive Secretary has also made suggestions regarding staff and finance regulations.

A. THE STRUCTURE OF THE SECRETARIAT

3. The Executive Secretary recommends that during the first year of operation, the Secretariat should be limited to three main administrative units:

The Office of the Executive Secretary
The Commercial Policy Division
General Services

4. The Chart on the following page gives a graphic description of the proposed Secretariat structure.

T/66
STRUCTURE OF THE SECRETARIAT

1. EXECUTIVE SECRETARY
   Office of the Executive Secretary:

   • LEGAL ADVISER:
   • CENTRAL OFFICE:
   • INFORMATION OFFICE:

   • DEPUTY EXECUTIVE SECRETARY:

   • COMMERCIAL POLICY DIVISION:
     • Operations: Section
     • Intelligence: Section
     • Stenographic: Pcl

   • GENERAL SERVICES:
     • Personnel: Financial: Registry: Common Services:
       • Languages: Distribution: Reproduction of documents
5. The manning table of the various technical sections is on a modest scale; it will, however, provide for a sufficient nucleus to cope with the probable load of work during the first year of operation. It will be noted that no provision has been made for an extensive Research Department. This implies that the Contracting Parties would be satisfied to operate on the basis of information supplied by contracting parties or provided by other organizations, collated by the small Intelligence Section which is provided for in these estimates.

6. If the general services are omitted, the number of established posts would amount to 35 and the salary bill to about $147,250, exclusive of the salary and allowances for the Executive Secretary and Deputy Executive Secretary.

7. The manning table reproduced in Annex A provides for the setting up of a General Services Section which would enable the Secretariat to work as a self-contained unit. If the site is maintained in Geneva and if a satisfactory arrangement is concluded with the United Nations, Part III of the manning table would be considerably reduced and a new estimate would be added under the title - "Services reimbursable to United Nations". This re-arrangement of the budget estimates would not materially affect the total budget figures.

B. THE DRAFT BUDGET

8. The Executive Secretary is of the opinion that appropriations of about $624,000 (exclusive of salaries and allowances for the Executive and Deputy Executive Secretary) should be sufficient to enable the Organization to perform its functions during the first year of application of the new arrangements, provided that strict control is exercised over all lines of expenditure.

9. The tentative estimates contained in Annex B are based on the assumption that the Secretariat remains in Geneva; if another site were
selected, the estimates would have to be revised and additional appropriations included to cover the cost of transfer of staff and actions.

10. The Contracting Parties will also have to decide on the constitution of a Working Capital Fund, the establishment of which is necessary to cover casual expenses, delay in contributions, additional meetings etc. The Executive Committee suggests that total advances of $300,000 be made by the Contracting Parties in the first year of function to set up a Working Capital Fund. The contributions would be assessed according to the scale of contributions.

C. DRAFT STAFF AND FINANCIAL REGULATIONS

11. The Executive Secretary recommends that the staff and financial regulations should be, as far as possible, modelled on the staff and financial regulations of the United Nations. The regulations proposed for the ITO (see document ICIT0/EC/14, pages 24 and seq.) could be reviewed and adjusted, in the light of the circumstances of the Contracting Parties and of the changes introduced by the General Assembly, since the drafting of that document.

D. ACTION REQUIRED TO GIVE EFFECT TO THE PROPOSALS OUTLINED ABOVE

12. (a) adoption of a budget for the first year of operation of the new arrangements (including the manning table),
(b) adoption of a salary and allowances scale, including the salaries and allowances of the Executive Secretary and Deputy Executive Secretary,
(c) establishment of a Working Capital Fund,
(d) formal adoption of a scale of contributions,
(e) assignment of financial powers to the Executive Secretary and Standing Committee (or advisory committee),
(f) arrangements for the auditing of the accounts,
(g) establishment of a pension fund or affiliation with the U.N. pensions scheme,
(h) possible use of the U.N. administrative tribunal.
## ANNEX A

### MANNING TABLE FOR FIRST YEAR OF OPERATION

#### (A) Substantive Services

<table>
<thead>
<tr>
<th>Office of the Executive Secretary</th>
<th>U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Executive Secretary</td>
<td>4,800</td>
</tr>
<tr>
<td>2. Personal Assistant (P2)</td>
<td>2,370</td>
</tr>
<tr>
<td>3. Secretary (EE)</td>
<td>4,800</td>
</tr>
<tr>
<td>4. Deputy Executive Secretary</td>
<td>2,370</td>
</tr>
<tr>
<td>5. Personal Assistant (P2)</td>
<td>2,370</td>
</tr>
<tr>
<td>6. Secretary (EE)</td>
<td>4,800</td>
</tr>
<tr>
<td>7. Legal Adviser (P4)</td>
<td>7,300</td>
</tr>
<tr>
<td>8. Information Officer (P4)</td>
<td>7,300</td>
</tr>
<tr>
<td>9. Administrative Assistant &amp; Librarian (FF)</td>
<td>2,650</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Central Office</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Secretary (DD)</td>
<td>2,125</td>
</tr>
<tr>
<td>11. Secretary (DD)</td>
<td>2,125</td>
</tr>
<tr>
<td>12. Clerk (BB)</td>
<td>1,705</td>
</tr>
</tbody>
</table>

#### II. Commercial Policy Division

<table>
<thead>
<tr>
<th>Operations Section</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>13. Director (D2)</td>
<td>11,000</td>
</tr>
<tr>
<td>14. Secretary (EE)</td>
<td>2,370</td>
</tr>
</tbody>
</table>

##### a) Operations Section

<table>
<thead>
<tr>
<th>15. Chief of Section (P5)</th>
<th>8,750</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Secretariat of Contracting Parties</td>
<td></td>
</tr>
<tr>
<td>16. Intermediate Officer (P3)</td>
<td>6,300</td>
</tr>
<tr>
<td>17-18. 2 Assistant Officers (P2)</td>
<td>9,600</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(ii) Tariff Unit</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>19. Officer (P4)</td>
<td>7,300</td>
</tr>
<tr>
<td>20-21. 2 Assistant Officers (P2)</td>
<td>9,600</td>
</tr>
</tbody>
</table>

##### b) Intelligence Section

<table>
<thead>
<tr>
<th>22. Chief of Section (P5)</th>
<th>8,750</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Commercial Intelligence Unit</td>
<td></td>
</tr>
<tr>
<td>23. Commercial Intelligence Officer (P4)</td>
<td>3,600</td>
</tr>
<tr>
<td>24. Assistant Officer (P2)</td>
<td>4,800</td>
</tr>
<tr>
<td>25. Junior Officer (P1)</td>
<td>3,600</td>
</tr>
<tr>
<td>26-27. Clerks (DD)</td>
<td>4,250</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(ii) Statistical Unit</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>28. Statistician (P4)</td>
<td>7,300</td>
</tr>
<tr>
<td>29. Statistician (P3)</td>
<td>6,000</td>
</tr>
<tr>
<td>30-31. 2 Clerks (DD)</td>
<td>4,250</td>
</tr>
</tbody>
</table>

##### c) Stenographic Pool

<table>
<thead>
<tr>
<th>32-35 4 shorthand-typists (DD)</th>
<th>8,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total 35</td>
<td>147,215</td>
</tr>
<tr>
<td>Total I &amp; II</td>
<td>147,215</td>
</tr>
</tbody>
</table>

Salary and allowances to be decided by the Contracting Parties.
III. General Services

U.S. dollars

36. Chief of Administrative Services (P4) 7,300
37. Assistant in charge of Conferences (P2) 4,800

a) Personnel

38. Administrative Assistant (F) 2,650
39. Clerk (EE) 2,370

b) Financial Services

40. Accountant (P3) 6,000
41. Administrative Assistant (F) 2,650
42-43. 2 clerks (EE) 4,740

c) Languages

44. Languages Officer (P4) 7,300
45. Interpreter (P3) 6,000
46. Reviser (P3) 6,000
47. Translator (P2) 4,800

d) Distribution

48. Distribution Officer (F) 2,650
49-50. 2 clerks (BB) 3,410

e) Reproduction of documents

51. Secretary (EE) 2,370
52-53. 2 shorthand-typists (ID) 4,250
54-55. 2 copyists (BB) 3,410
56-57. 2 Roneo operators (BB) 3,410
58-59. 2 collators (BB) 3,410

f) Registry

60-61. 2 clerks (BB) 3,410

g) Common Services

62. Administrative Assistant (F) 2,650
63. Clerk (BB) 1,705
64-65. Telephone operators (CC-BB) 3,620
66. Chauffeur (BB) 1,705
67-68. Messengers (AA) 3,036

Total III .. 33 TOTAL III 93,376
Total I - III 68 GRAND TOTAL 240,061
## ANNEX B

**Draft Budget for first year of operation**

### Part I. Meetings

<table>
<thead>
<tr>
<th>Section</th>
<th>U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Session of the Contracting Parties</td>
<td>27,000</td>
</tr>
<tr>
<td>2. Meetings of the Standing Committee</td>
<td>20,000</td>
</tr>
<tr>
<td>3. Other Meetings</td>
<td>10,000 - 57,000</td>
</tr>
</tbody>
</table>

### Part II. Secretariat

<table>
<thead>
<tr>
<th>Section</th>
<th>U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Salaries and Wages</td>
<td>241,000</td>
</tr>
<tr>
<td>i) Established posts</td>
<td></td>
</tr>
<tr>
<td>ii) Temporary assistance</td>
<td>8,000</td>
</tr>
<tr>
<td>iii) Overtime</td>
<td>1,000</td>
</tr>
<tr>
<td>5. Common staff costs</td>
<td>250,000</td>
</tr>
<tr>
<td>i) Travel and removal expenses of staff</td>
<td>10,000</td>
</tr>
<tr>
<td>(dependants)</td>
<td></td>
</tr>
<tr>
<td>ii) Termination payments</td>
<td>1,000</td>
</tr>
<tr>
<td>iii) Contributions to Staff Benefit Fund</td>
<td>35,000</td>
</tr>
<tr>
<td>iv) Non-resident and repatriation allowances</td>
<td>7,000</td>
</tr>
<tr>
<td>v) Travel on home leave</td>
<td>5,000</td>
</tr>
<tr>
<td>vi) Children's allowances</td>
<td>10,000</td>
</tr>
<tr>
<td>vii) Other Staff benefits</td>
<td>78,000</td>
</tr>
<tr>
<td>6. Travel on official business</td>
<td>25,000</td>
</tr>
<tr>
<td>7. Common Services</td>
<td></td>
</tr>
<tr>
<td>i) Postage, Cable, telegraph, etc.</td>
<td>10,000</td>
</tr>
<tr>
<td>ii) Freight</td>
<td>3,000</td>
</tr>
<tr>
<td>iii) Air freight</td>
<td>2,000</td>
</tr>
<tr>
<td>8. Printing</td>
<td>50,000</td>
</tr>
<tr>
<td>11. Maintenance and operation of transport</td>
<td>500</td>
</tr>
<tr>
<td>12. Hospitality</td>
<td>2,000</td>
</tr>
<tr>
<td>13. Stationery and supplies for internal reproduction</td>
<td>24,500</td>
</tr>
<tr>
<td>14. Rental and other services</td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td>30,000</td>
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<td>Insurance</td>
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### Part III. Equipment

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<td>15. Furniture</td>
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<td>16. i) Typewriters</td>
<td>6,000</td>
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<tr>
<td>ii) Duplicating machines</td>
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</tr>
<tr>
<td>iii) Other equipment</td>
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</tr>
<tr>
<td>17. Transport equipment</td>
<td>2,500</td>
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<tr>
<td>18. Books, publications</td>
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### Part IV. Unforeseen 10 %

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<td>19. Unforeseen 10 %</td>
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**Total Budget** 626,000

**Advances to the Working Capital Fund** 300,000

**Total contribution** 926,000
The estimates are based on the following assumptions:

a) The Secretariat would be stationed in Geneva; if another site is selected, additional estimates would be included to cover cost of removal of staff and equipment.

b) The estimates for general services would enable the Secretariat to be self-contained. If the site is maintained in Geneva and if a satisfactory arrangement is concluded with the United Nations, for the provision of services on a reimbursement basis, Part III of the manning table will be considerably reduced and a new estimate would be added under the title: Services Reimbursable to United Nations. This re-arrangement of the budget estimates would not materially affect the total budget figures if the site were in Geneva.

c) The total budget figure does not include the salaries and allowances of the Executive Secretary and the Deputy Executive Secretary.
14 December, 1950.

WORKING PARTY "L" ON THE CONTINUING ADMINISTRATION OF THE GENERAL AGREEMENT

Draft Report

1. The Working Party interpreted its Terms of Reference as requiring in the first instance a general review of the functions and responsibilities of the Contracting Parties under the provisions of the Agreement in order to present for transmission to, and study by, governments all material required for a consideration of the question whether or not a standing committee would contribute to the more efficient administration of the Agreement and secondly, if it should be decided that a standing committee would serve a useful purpose, consideration of the terms of reference which would be appropriate for such a committee and other consequential matters.

2. A number of members of the Working Party stated that, pending further study of the matter, their governments had not defined their attitude to the setting up of a standing committee, and they were not therefore in a position to commit their governments in any respect on this subject. It was agreed that, in these circumstances, the Working Party should discuss the proposal solely from the standpoint of the efficient and expeditious administration of the General Agreement with a view to indicating what type of standing committee would be likely in current circumstances to be most suitable from this standpoint if and when the Contracting Parties should decide that the setting up of such a committee was desirable.

3. As a basis for its deliberations, the Working Party assumed that the inter-sessional duties of a standing committee would be limited to work of a preparatory and recommendatory character and would not include the taking of decisions which would be reserved exclusively to the Contracting Parties. Moreover, the Working Party agreed that a principal objective of the proposal
under consideration was to preserve the proved value of the periodical sessions of the Contracting Parties and to maintain the high level of representation including the attendance of officials responsible for carrying out the decisions of their governments in the field of commercial policy.

4. The Working Party then proceeded to examine those functions laid upon the Contracting Parties by specific provisions of the Agreement which provide that the Contracting Parties are in a position to take joint action at any time. Those provisions of the Agreement imply that the Contracting Parties must be prepared either to meet at any time or to provide suitable machinery to discharge those functions when required. Moreover, the Contracting Parties have other responsibilities the discharge of which would be substantially facilitated by the existence of some continuing committee. In making this examination the Working Party proceeded on the basis of an analysis by the Executive Secretary which is annexed to this Report.

5. The analysis in the Annex is limited to the main continuing functions of the Contracting Parties with the purpose of showing how far their performance would be facilitated by the existence of some sort of standing committee. The Contracting Parties have recognised this problem previously by providing for inter-sessional action relating to the balance-of-payments articles and Article XVIII; inter-sessional bodies with powers to carry out preparatory work, including the initiation of consultations in certain cases, and to submit recommendations, have been appointed. Any general standing committee which the Contracting Parties might establish would presumably absorb the powers of those bodies.

6. The Working Party considers that if a standing committee were appointed the Contracting Parties would probably wish it to act also as an
agenda committee. If a preliminary examination could be made of the items on a provisional sessional agenda, it would be possible to clarify the issues submitted to the Contracting Parties, to indicate any additional information and documentation which might be required and instruct the Secretariat to provide or obtain it, and to make recommendations regarding the order of business of each regular session. It should be noted that an agenda committee has been found useful by other organisations, e.g., the Economic and Social Council.

7. Having studied the functions and tasks which might be performed by a standing committee, the Working Party came to the conclusion without prejudice to the reservations in paragraph 2 or to other relevant considerations which governments will have to take into account before arriving at a decision, that a permanent body could serve a useful purpose and could contribute to the efficient administration of the Agreement. The Working Party then proceeded to discuss several questions which would arise in connection with the establishment of such a committee:

Designation: The Working Party was of the opinion that the designation of the proposed committee was a matter of secondary importance. In this Report the Working Party refers to the proposed body as a "standing committee" and has not suggested a designation. It is considered, however, that the title chosen for any such committee should not bear any implication that the committee would have any executive character.
Terms of Reference: The Working Party recommends that if the Contracting Parties decide to establish a standing committee the following terms of reference would be appropriate:

(i) Insofar as Articles XII to XV may require action by the Contracting Parties when not in session, and subject to rules established by the CONTRACTING PARTIES, to initiate and engage in consultations under those Articles and to report or make appropriate recommendations to the CONTRACTING PARTIES.

(ii) To examine applications under Article XVIII requiring action by the CONTRACTING PARTIES when not in session and to report or make appropriate recommendations to the CONTRACTING PARTIES.

(iii) To initiate and engage in consultations on, and facilitate the settlement of, differences between individual contracting parties arising under the provisions of the General Agreement and to report or make appropriate recommendations to the CONTRACTING PARTIES.

(iv) To initiate and carry out preparatory work on questions referred to the CONTRACTING PARTIES by individual contracting parties under Article XXV:5(a).

(v) To carry out any specific action and to exercise any specific function expressly assigned to the Committee by the CONTRACTING PARTIES at any session.

(vi) To instruct the Secretariat as necessary to provide or obtain from contracting parties information required by the CONTRACTING PARTIES in the consideration of items on the agenda of their sessions or necessary for the carrying out of the functions of the Standing Committee.

(vii) To examine the provisional agenda for each session of the CONTRACTING PARTIES and to propose an order of business.

(viii) In accordance with rules approved by the CONTRACTING PARTIES, to take telegraphic or postal ballots of the contracting parties on matters which require urgent decisions.
(ix) To recommend to the CONTRACTING PARTIES the convening of a special session to deal with matters which require urgent decisions.

(x) To examine matters arising between sessions which require urgent decisions by the CONTRACTING PARTIES under Articles II:6(a), XIX, and XXV:5(a) and to make recommendations thereon.

(xi) In general to do preparatory work and where necessary to make recommendations to the CONTRACTING PARTIES on any matters with which the CONTRACTING PARTIES may be required to deal at a session, in order to expedite the work of the CONTRACTING PARTIES.

(xii) Nothing in these terms of reference shall be construed to permit the delegation to the Standing Committee by the CONTRACTING PARTIES of power to take any decision on their behalf pursuant to the General Agreement.

Rules of Procedure: The Working Party recommends that the Contracting Parties should instruct the Secretariat to distribute as soon as possible after the Fifth Session a draft of rules of procedure for a standing committee. The Working Party suggest that the draft rules of procedure should be substantially similar to those of the Contracting Parties, except that they would not include rules on voting. Further, the rules should provide that all meetings of the committee will be open to observers of contracting parties which are not members of the committee, and shall place upon the committee the obligation to invite contracting parties which are directly concerned with any question receiving attention to send representatives who will be entitled to participate freely in the
discussions. The rules should also include appropriate provisions or safeguarding the confidential character of certain discussions similar to those applied by the Contracting Parties. Moreover, the Secretariat should consider whether two-thirds of the membership of the committee would be an appropriate quorum.

Composition: The Working Party discussed several proposals for the composition of a committee and for the selection of members and the rotation and tenure of office, and agreed to submit the following recommendations:

(a) that a standing committee should consist of not less than 12 and not more than 15 members;
(b) that in establishing a standing committee, the Contracting Parties should adhere as closely as may be practicable to the principles of Article 78 of the Havana Charter and, consequently, a selection of members should have regard to the objectives of ensuring that the committee
(i) would include, on a permanent basis, the contracting parties of chief economic importance in international trade, and
(ii) would be representative of different degrees of economic development and varying economic interests; and
(c) that a customs union should be eligible for selection as a member of the committee on the same basis as a single contracting party, provided all members of the union were contracting parties and all so desired.

Chairmanship: The Working Party agreed to suggest that the Chairman of a standing committee should be elected by the Contracting Parties, and that temporary chairmen should be elected by the committee at times when the Chairman is absent.

Place of Meeting: The Working Party did not discuss the relative advantages of various places in which a standing committee might hold its meetings,
but members were generally agree" that it would be advantageous if the place of meeting and the offices of the permanent staff were in the same place. In order to facilitate consideration of this question, in the event of the Contracting Parties deciding to appoint a standing committee, the Working Party recommends that the Executive Secretary be instructed to prepare a site study of Genoa and that any contracting party wishing to suggest any other possible place of meeting and site for the offices of the permanent staff should submit a site study thereof.

**Secretariat Requirements:** The Working Party also gave consideration to administrative and financial questions, including the structure of the Secretariat. The Working Party recognised that there was a need for the establishment of a permanent secretariat and that this question would in any case require to be dealt with at the sixth session of the Contracting Parties. The Working Party were of the opinion that the establishment of a standing committee would not materially affect either the functions or the structure of the Secretariat and that the servicing of meetings of a standing committee was not likely to involve more than a moderate increase in expenditure. The Working Party agreed that a detailed examination of this question would be more appropriate when budgetary problems are discussed at the sixth session.
ANNEX

ANALYSIS OF THE CONTINUING FUNCTIONS AND RESPONSIBILITIES OF THE CONTRACTING PARTIES

1. Consultations under Article XII:4(a), (b) and (c):

Under paragraphs 4(a) and 4(c) a contracting party may wish to consult with the Contracting Parties before it institutes or intensifies restrictions under Article XII. The Contracting Parties must be in a position to meet such requests promptly. Under paragraph 4(b) the Contracting Parties are required to invite a contracting party intensifying import restrictions under Article XII to enter into consultations within 30 days. Lack of adequate machinery for arranging prompt and expeditious consultation renders the implementation of this provision extremely difficult, as experience has shown. The Contracting Parties recognised this at their Third Session by establishing an intersessional procedure to initiate such consultations, and by providing (GATT/CP.3/50/Rev.1 and 50/rev.1) for the convening of an ad hoc committee or a select committee according to the nature of the consultations.

2. Examination of Complaints Lodged under Article XII:4(d):

If a contracting party asks the Contracting Parties to examine whether the restrictions of another contracting party are applied inconsistently with the provisions of the Agreement, it may be necessary for the Contracting Parties to make arrangements for a preliminary examination of all the facts in order to arrive at a rapid and fully considered decision in the course of a single session. Here again the Contracting Parties at their Third Session recognised the desirability of providing for some intersessional procedure (GATT/CP.3/50/Rev.1 paras. 17-20) and in adopting the report of the Working Party they considered that in some cases a committee might be useful in assisting the Contracting Parties to effect a settlement of the differences.

3. Third Report under Article XIV:1(g):

The Contracting Parties will have to draft in 1952 a third report on restrictions which are still applied under Article XII and which deviate from the rule of non-discrimination. A decision will have to be taken at the Sixth Session as to the arrangements to be made for the preparation of that report. The experience gained in drafting the First Report clearly indicates that some preparatory work by a body of representatives of contracting parties would have contributed substantially to improving the quality of the report and saving time at the Fourth Session when it was approved.

4. Other Action under Article XIV:

As from March 1952, the Contracting Parties have important functions to discharge in connection with the application of discriminatory measures. Paragraph 1(g) provides that in March 1952 any contracting party still entitled to take action under paragraph (1)(c) or under Annex J shall consult the Contracting Parties as to any deviations from Article XIII still in force and as to its continued resort to the provisions of paragraph (1)(c) or Annex J. This predicates that the Contracting Parties will be in session in March 1952, or will have made other arrangements for initiating such consultations during that month. Moreover, the Contracting Parties may, as a result of such consultations, prescribe limitations of a general character to which permitted deviations may be subjected. They may also make representations, in exceptional circumstances, to any contracting party which is entitled to take action under
the provisions referred to above. The Contracting Parties may also be called upon to give their consent to a temporary deviation from the rule of non-discrimination under the circumstances defined in paragraph 2. Finally, the Contracting Parties have responsibilities to discharge under paragraph 3 of Annex J with respect to the exceptions provided in that annex. It is difficult to see how the Contracting Parties will be able to discharge these increasing responsibilities under Article XIV without some intersessional machinery with authority to carry out at least the necessary preparatory work.

5. Procedures for consultation with the International Monetary Fund (Article XV:3):

The provisional arrangement with the International Monetary Fund may be reviewed at the Sixth Session. It is, in any case, clear that consultation arrangements with the Fund would be greatly facilitated if there were some continuing body of the Contracting Parties between sessions. If and when the Contracting Parties feel disposed to replace the present provisional arrangement with the Fund by a more formal agreement it would be helpful if so important a matter could receive careful preparatory study before being finally considered by the Contracting Parties.


The implementation of a special exchange agreement concluded with a contracting party which is not, or ceases to be, a member of the Fund, may require the existence of some continuing machinery which would be available to deal with matters requiring urgent action. The examination of procedures for implementing special exchange agreements at successive sessions of the Contracting Parties has underlined this need.

7. Action Required under Article XVIII:

Under paragraph 10 the Contracting Parties are required to advise, "ordinarily within 15 days after receipt of an application", the contracting party which proposes to introduce a measure of the type referred to in paragraph 6, of the date by which a decision will be taken by the Contracting Parties. This decision, as a rule, has to be given "at the earliest practicable date and not later than 90 days after receipt of such application". As indicated in GATT/CP.3/60/Rev.1, the preparation and examination of the information submitted by the applicant country, and in some cases of the objections raised by other contracting parties to the proposed measures, as well as the preparation of recommendations to the Contracting Parties, may have to take place before a regular meeting of the Contracting Parties is held, in order to avoid undue prolongation of the Session. At their Third Session, the Contracting Parties agreed to set up an intersessional committee which could be convened between the sessions and which would be responsible for making recommendations to the Contracting Parties.

The Contracting Parties have also responsibilities in connection with negotiations arising out of paragraphs 3 (b) and 5. The Contracting Parties may be called upon to determine which contracting parties are materially affected by proposed measures. Whilst the decision to grant a release will have to be taken by the Contracting Parties, there are a number of preliminary stages which could hardly be deferred until a regular session. Paragraph 4 implies the ability of the Contracting Parties to consult at any time with a contracting party when it wishes to adopt preventive measures or to suspend its obligations or concessions in emergency circumstances.
8. **Action arising out of Article XXIII:**

If a contracting party wishes to refer to the Contracting Parties a case of nullification or impairment, the Contracting Parties are required to investigate "promptly" any matter so referred to them. The decisions in such cases are clearly of great importance especially as they may involve the suspension of obligations or concessions. Accordingly, the Contracting Parties will wish to examine each case in considerable detail. Preparatory examination of cases by a standing committee would greatly facilitate the task of the Contracting Parties in giving adequate consideration to the case and arriving at a decision in the course of a single session.

Experience gained in dealing with complaints which have been formally referred to the Contracting Parties under the provisions of Article XXIII, or which were in the nature of an Article XXIII request, support this view. In the case of the Chilean request regarding subsidies on fertilisers, it was necessary to examine an important documentation to bring out the facts of the case; as regards the application of Brazilian internal taxes, the examination of the material required extensive study by working parties at two sessions, and at the current session several delegations held the view that there was not sufficient time to assemble and examine all the documents required for a full study of all the aspects of the problem. Another question which raised similar difficulties was the request submitted by the Cuban government with respect to the position of the Cuban textile industry.

9. **Tariff Problems:**

Article XIX provides that before any contracting party takes action under paragraph 1, it shall afford the Contracting Parties an opportunity to consult with it in respect of the proposed action. As the action contemplated is of an emergency character, it is clear that if the Contracting Parties wish to consult in accordance with the provisions of paragraph 2, they have to act rapidly in order to avoid damage to the interests of the country proposing to invoke the provisions of paragraph 1. Moreover, if an agreement among the interested contracting parties is not reached, the Contracting Parties have to indicate whether they disapprove or not of the suspension of substantially equivalent obligations or concessions by the contracting parties affected. As such suspension must be announced within 90 days after action has been taken under paragraph 1, the Contracting Parties will probably desire to inform the parties concerned of their views before the suspension takes effect, i.e., before the expiration of 30 days from the day on which the written notice of such suspension is received by them.

Another provision of the Agreement which might require rapid action is that contained in paragraph 6 (a) of Article II. If a country devalues its currency, it may feel it necessary to adjust certain specific duties and charges without waiting for the next ordinary session of the Contracting Parties. It may, therefore, be necessary for the Contracting Parties to work out a procedure which may avoid undue delay in the decision which is to be taken by them under this paragraph.

Whilst the same need for urgent action may not arise in the near future out of the application of Article XXIV, this is a case where preparatory examination would greatly facilitate the carrying out of the responsibilities of the Contracting Parties if they are called upon to act under that Article.
10. **Other Functions:**

In addition to the specific functions referred to above, it should be noted that under paragraph 1 of Article XXV the Contracting Parties have certain implied functions covered by the phrase "representatives of the Contracting Parties shall meet from time to time... generally with a view to facilitating the operation and furthering the objectives of this Agreement". For example, under this general provision, the Contracting Parties have a number of functions relating to tariff negotiations and the schedules to the agreement. These functions involve a number of administrative arrangements of some detail and importance, which can only with difficulty be dealt with at a session, as was shown, for example, by the need for a Working Party to continue between the Third and Fourth Sessions to complete arrangements for the present negotiations. Particularly difficult questions may arise in the future if certain non-participating countries wish to negotiate for accession in the interval, which may be long, between the Torquay negotiations and any further general round of negotiations. Whilst the Contracting Parties might well decide in principle on such a matter at a regular session it might be difficult to work out and implement the necessary arrangements in the absence of some continuing body. Similarly experience has shown that a considerable number of problems arise in connection with the rectification and modification of schedules, and some mechanism for dealing with these would be desirable even in present circumstances, and might well become essential if sessions were held at longer intervals.

Moreover, under Article XXV, the Contracting Parties may at any time be called upon to consider applications by a contracting party or contracting parties for waiver of obligations. Some of these applications may be of great complexity and of an urgent character. In order that they may be disposed of in a single session a good deal of preparation might be required. For example, governments which are contracting parties may also be involved in other arrangements which affect their obligations under the Agreement. If the Contracting Parties are called upon to consider waivers of obligations in such cases (for example, in the case of the Schuman plan) very extensive preparation may have to be made in advance of the session at which these matters are to be decided upon.

A list of other articles of the Agreement containing provisions requiring action by the Contracting Parties, on which the assistance of a standing committee would probably be helpful, would include XII:5, XIII:4, XVI, XXII, and XXVII.
15 December, 1950.

WORKING PARTY "L" ON THE CONTINUING ADMINISTRATION
OF THE GENERAL AGREEMENT

Draft Report

1. The Working Party had the following Terms of Reference:

"To examine in the light of the discussions of the plenary meeting on the 7th and 8th December the proposal for the appointment of a permanent committee to ensure the more effective administration of the General Agreement and to present a report to this session, for consideration by the Contracting Parties and for transmission to Governments for further study."

The Working Party, in the first instance made a general review of the functions and responsibilities of the Contracting Parties under the provisions of the Agreement in order to present all material required for a consideration of the question whether or not a standing committee would contribute to the more efficient administration of the Agreement and, secondly, considered the terms of reference, the composition and method of selection, which would be appropriate for a standing committee if it should be decided that such a committee would serve a useful purpose.

2. A number of members of the Working Party stated that, pending further study of the matter, their governments had not defined their attitude to the setting up of a standing committee, and they were not therefore in a position to commit their governments in any respect on this subject. It was agreed that, in these circumstances, the Working Party should discuss the proposal solely from the standpoint of the efficient and expeditious administration of the General Agreement with a view to indicating what type of standing committee would be likely in current circumstances to be most suitable from this standpoint if and when the Contracting Parties should decide that the setting up of such a committee was desirable.

3. As a basis for its deliberations, the Working Party assumed that the inter-sessional duties of a standing committee would be limited to work of a preparatory character, including, where appropriate, recommendations to the Contracting Parties, but would not include the taking of decisions which would be reserved exclusively to the Contracting Parties. Moreover, the Working Party agreed that a principal objective of the proposal under consideration was to preserve the proved value of the periodical sessions of the Contracting Parties and to maintain the high level of representation including the attendance of officials responsible for carrying out the decisions of their governments in the field of commercial policy.
4. The Working Party then proceeded to examine those functions laid upon the Contracting Parties by specific provisions of the Agreement which assume that the Contracting Parties will be in a position to take joint action at any time. Those provisions of the Agreement imply that the Contracting Parties should be prepared either to meet at any time or to provide suitable machinery to discharge those functions when required. Moreover, the Contracting Parties have other responsibilities the discharge of which might be substantially facilitated by the existence of some continuing committee. In making this examination the Working Party proceeded on the basis of an analysis by the Executive Secretary which is annexed to this Report.

5. The analysis in the Annex is limited to the main continuing functions of the Contracting Parties with the purpose of showing how far their performance would be facilitated by the existence of some sort of standing committee. The Contracting Parties have recognised this problem previously by providing for inter-sessional action relating to the balance-of-payments articles and Article XVII; inter-sessional bodies with powers to carry out preparatory work, including the initiation of consultations in certain cases, and to submit recommendations, have been appointed. Any general standing committee which the Contracting Parties might establish should absorb the powers of those bodies.

6. The Working Party considers that if a standing committee were appointed the Contracting Parties would probably wish it to act also as an agenda committee. If a preliminary examination were made of the items on a provisional sesonal agenda, it would be possible to clarify the issues submitted to the Contracting Parties, to indicate any additional information and documentation which might be required and instruct the Secretariat to provide or obtain it, and to make recommendations regarding the order of business of each regular session. It should be noted that an agenda committee has been found useful by other organisations, e.g., the Economic and Social Council.

7. Having studied the functions and tasks which might be performed by a standing committee, the Working Party came to the conclusion without prejudice to the reservations in paragraph 2 or to other relevant considerations which governments will have to take into account before arriving at a decision, that a standing committee could serve a useful purpose and could contribute to the efficient administration of the Agreement. The Working Party then proceeded to discuss several questions which would arise in connection with the establishment of such a committee.

8. Designation: The Working Party considered that the designation should not bear any implication that the committee would have any executive character, and therefore suggests that the term "standing committee", which has been used in this Report, would be the most appropriate.
9. **Terms of Reference:** The Working Party recommends that if the Contracting Parties decide to establish a standing committee the following terms of reference might be appropriate:

(i) Insofar as Articles XII to XV may require action by the Contracting Parties when not in session, and subject to rules established by the CONTRACTING PARTIES, to initiate and engage in consultations under those Articles and to report or make appropriate recommendations to the CONTRACTING PARTIES.

(ii) To examine applications under Article XVIII requiring action by the CONTRACTING PARTIES when not in session and to report or make appropriate recommendations to the CONTRACTING PARTIES.

(iii) On the request of one or more contracting parties, to initiate and engage in consultations on, and facilitate the settlement of differences between individual contracting parties arising under the provisions of the General Agreement and to report or make appropriate recommendations to the CONTRACTING PARTIES.

(iv) To initiate and carry out preparatory work on questions referred to the CONTRACTING PARTIES by individual contracting parties under Article XXV:5(a).

(v) To examine matters arising between sessions which require urgent decisions by the CONTRACTING PARTIES under Articles II:6(a), XIX, and XXV:5(a) and to make recommendations thereon.

(vi) To carry out any specific action and to exercise any specific function expressly assigned to the Committee by the CONTRACTING PARTIES at any session.

(vii) To instruct the Secretariat as necessary to provide or obtain from contracting parties information required by the CONTRACTING PARTIES in the consideration of items on the agenda of their sessions or necessary for the carrying out of the functions of the Standing Committee.

(viii) To examine the provisional agenda for each session of the CONTRACTING PARTIES and to propose an order of business.

(ix) In accordance with rules approved by the CONTRACTING PARTIES, to take telegraphic or postal ballots of the contracting parties on matters which require urgent decisions.

(x) To recommend to the CONTRACTING PARTIES the convening of a special session to deal with matters which require urgent decisions.

(xi) In general to do preparatory work and where necessary to make recommendations to the CONTRACTING PARTIES on any matters with which the CONTRACTING PARTIES may be required to deal at a session, in order to expedite the work of the CONTRACTING PARTIES.
10. Rules of Procedure: The Working Party recommends that the Contracting Parties should instruct the Secretariat to distribute as soon as possible after the Fifth Session a draft of rules of procedure for a standing committee. The Working Party suggest that the draft rules of procedure should be substantially similar to those of the Contracting Parties, except that they would not include rules on voting. Further, the rules should provide that all meetings of the committee will be open to observers of contracting parties which are not members of the committee, and shall place upon the committee the obligation to invite contracting parties which are directly concerned with any question receiving attention to send representatives who will be entitled to participate freely in the discussions. The rules should also include appropriate provisions for safeguarding the confidential character of certain discussions similar to those applied by the Contracting Parties. Moreover, the Secretariat should consider whether two-thirds of the membership of the committee would be an appropriate quorum.

11. Composition: The Working Party discussed several proposals for the composition of a committee and for the selection of members and the rotation and tenure of office, and agreed to submit the following recommendations:

- (a) that a standing committee should consist of 15 members;

- (b) that in establishing a standing committee, the Contracting Parties should have regard to the objective of ensuring that the committee-
  
  (i) would be representative of the broad geographical areas to which the contracting parties belong,

  (ii) would include, on a permanent basis, the contracting parties of chief economic importance, in the determination of which particular regard should be paid to their shares in international trade, and provided that in determining the number of such permanent seats the Contracting Parties would pay due regard to the importance of providing for adequate representation of small and medium economies, and

  (iii) would be representative of different degrees of economic development and divergent economic interests; and

- (c) that a customs union should be eligible for selection as a member of the committee on the same basis as a single contracting party, provided all members of the union were contracting parties and all so desired.
12. **Chairmanship:** The Working Party agreed to suggest that the Chairman of a standing committee should be elected by the Contracting Parties, and that temporary chairman should be elected by the committee at times when the Chairman is absent.

13. **Place of Meeting:** The Working Party did not discuss the relative advantages of various places in which a standing committee might hold its meetings, but members were generally agreed that it would be advantageous if the place of meeting and the offices of the permanent staff were in the same place. In order to facilitate consideration of this question, in the event of the Contracting Parties deciding to appoint a standing committee, the Working Party recommends that the Executive Secretary be instructed to prepare a site study of Geneva and that any contracting party wishing to suggest any other possible place of meeting and site for the offices of the permanent staff should submit a site study thereof.

14. **Secretariat Requirements:** The Working Party also gave consideration to administrative and financial questions, including the structure of the Secretariat. The Working Party recognised that there was a need for the establishment of a permanent secretariat and that this question would in any case require to be dealt with at the Sixth Session of the Contracting Parties. The Working Party were of the opinion that the establishment of a standing committee would not materially affect either the functions or the structure of the Secretariat and that the servicing of meetings of a standing committee was not likely to involve more than a moderate increase in expenditure. The Working Party agreed that a detailed examination of this question would be more appropriate when budgetary problems are discussed at the Sixth Session.