It would, I think, be helpful in the further discussion of the U.S. proposal if it could be set out as a whole, since it involves a series of somewhat complicated transactions. This I have attempted in the present paper, which contains:

A. A draft Decision of the Contracting Parties, which would presumably be acted on at the Sixth Session, beginning 19 September 1951.

B. A covering letter from the Chairman of the Contracting Parties to the Chairman of ECOSOC, transmitting the Resolution and, also

C. A Memorandum of Understanding regarding implementation of the plan

and D. A draft Resolution to be submitted for adoption by ECOSOC.

In addition to these various documents it is envisaged that there would be a supplementary administrative arrangement to be agreed upon with the Secretary-General for giving effect to the Memorandum of Understanding.

In general the precedents established in the case of the Permanent Central Opium Board have been followed. Explanatory notes have been inserted at various points in the text. These would not appear in the documents as finally submitted.
A.

Decision* Relating to the Administration of the General Agreement

The CONTRACTING PARTIES,

HAVING REVIEWED, in the light of experience gained at successive sessions of the CONTRACTING PARTIES during the period during which the General Agreement has been applied pursuant to the Protocol of Provisional Application, the existing provisions and arrangements for the administration of the General Agreement through joint action, and

DESIRING to make more effective and permanent arrangements for the administration of the General Agreement,

DECIDE

(i) In order to facilitate joint action as defined in Article XXV the arrangements for the administration of the General Agreement shall consist of the CONTRACTING PARTIES in plenary session, a Standing Committee, and a secretariat staff.

(ii) The proceedings of the CONTRACTING PARTIES in plenary session shall be conducted in accordance with the existing rules of procedure of the CONTRACTING PARTIES subject, however, to any modifications in such rules agreed upon by the CONTRACTING PARTIES at any time.

* The term "Decision" is used in preference to "Resolution" since the former expression is more appropriate to the practice and procedures of the Contracting Parties.
(iii) The CONTRACTING PARTIES shall normally meet at the seat of the headquarters of the CONTRACTING PARTIES to the General Agreement, in regular annual sessions and in any such special sessions as may be convoked by the Executive Secretary in accordance with the rules of procedure established by the CONTRACTING PARTIES.

(iv) To establish a Standing Committee which shall be appointed by the CONTRACTING PARTIES and have the following terms of reference. The terms of reference will be those approved by the CONTRACTING PARTIES as a result of their consideration of the Report of Working Party "L" of the Fifth Session.

(v) In appointing a Standing Committee the following principles will be observed. These principles will be those approved by the CONTRACTING PARTIES as a result of their consideration of the Report of Working Party "L" of the Fifth Session.

(vi) The Standing Committee shall meet at such intervals as it may determine, normally at the headquarters of the CONTRACTING PARTIES to the General Agreement.

(vii) To request the Economic and Social Council to recommend to the General Assembly that the Secretary-General of the United Nations be authorized to provide the CONTRACTING PARTIES to the General Agreement
with the staff and conference services required for the administration of the Agreement, and to appoint, after consultation with the CONTRACTING PARTIES, an Executive Secretary as chief executive officer for the CONTRACTING PARTIES. The staff so provided shall operate under the guidance of the CONTRACTING PARTIES and the Standing Committee.

(viii) The Executive Secretary or his representative shall be entitled to participate without the right to vote in all meetings of any organ of the CONTRACTING PARTIES, including meetings of the Standing Committee.

(ix) The Executive Secretary shall prepare for the CONTRACTING PARTIES an annual report on the work of the CONTRACTING PARTIES and their organs.

(x) In order to bear their fair share of the expenses involved in the provision of staff and conference services by the UN to the CONTRACTING PARTIES, those contracting parties not members of the UN shall make contributions to the UN in accordance with an appropriate scale to be agreed upon with the Secretary-General of the UN.

(xi) The site of the headquarters of the CONTRACTING PARTIES to the General Agreement shall be ______.

(xii) In addition to the arrangements provided in paragraph vii, the CONTRACTING PARTIES shall make such other arrangements with the UN and other inter-governmental
organizations having responsibilities related to those of the CONTRACTING PARTIES, as may be appropriate to provide for effective cooperation and the avoidance of unnecessary duplication in the activities of these organizations.

(xi) The CONTRACTING PARTIES may make suitable arrangements for consultation and cooperation with non-governmental organizations concerned with matters within the scope of the General Agreement.
B.

Letter from the Chairman of the Contracting Parties to the Chairman of ECOSOC, enclosing a copy of the Decision of the Contracting Parties (A.).

Sir,

I am sending you herewith a Decision which was approved by the Contracting Parties to the General Agreement on Tariffs and Trade on ................. in the course of their Sixth Session.

It is the hope of the Contracting Parties that it will be possible for the Economic and Social Council to meet at an early date to consider the request contained in this Decision, in order that the recommendations of the Council might be available for submission to the ................ General Assembly which is meeting later this year.

In order to assist the Council in its consideration of this letter, I have been requested by the Contracting Parties to explain in some detail the background of the resolution.

It will be recalled that the Economic and Social Council at its first session in London in 1946 recognised the need to provide appropriate machinery for international cooperation within the framework of the United Nations in the field of international trade and employment.

The Council, in Resolution XIII (I) of 18 February 1946, called a United Nations Conference on Trade and Employment and set up a Preparatory Committee to prepare an annotated agenda for the Conference.

During the course of the second session of this Preparatory Committee the countries appointed to it negotiated at Geneva in 1947, pending the conclusion and entering into force of such convention as might be concluded at the UN Conference on Trade and Employment,
the General Agreement on Tariffs and Trade, to which Agreement the members of the Preparatory Committee became contracting parties.

Since that date additional countries have become contracting parties, as a result of further negotiations at Annecy (France) in 1949 and at Torquay (England) in 1950/51.

In view of the numerous and important obligations assumed by the contracting parties to the General Agreement it was provided in Article XXV that representatives of the contracting parties should meet from time to time for the purpose of giving effect to those provisions of the Agreement which involve joint action and generally with a view to facilitating the operations and furthering the objectives of the Agreement. The Contracting Parties acting jointly subsequently found it necessary to make an arrangement with the Interim Commission for the International Trade Organisation for the provision of secretariat and conference services.

Whilst, therefore, the parties to the Agreement thus provided a governmental body which, by the terms of the Agreement, is responsible for its administration, they did not consider it necessary at that time to make any further administrative provision, since they anticipated the early creation of an international trade organization, as a result of the UN Conference on Trade and Employment into which the General Agreement would in due course be integrated.

In fact, however, the Havana Charter for the International Trade Organization, which was drafted at the UN Conference on Trade and Employment, is not likely to enter into force in the foreseeable future.

This circumstance has made it necessary for the Contracting Parties to consider a more effective and permanent administration for the General
Agreement, in place of the "ad hoc" arrangements which have hitherto been adopted.

Among the measures which the Contracting Parties feel that it is necessary to take in present circumstances is to provide for a secretariat for the General Agreement and conference and other administrative services required for the administration of the Agreement. This provision would take the place of the present temporary ad hoc arrangement with the Interim Commission for the International Trade Organization.

It appears to the Contracting Parties, having given careful consideration to the matter at their Sixth Session, that the most appropriate arrangement would be for this secretariat and these services to be provided by the United Nations. The Contracting Parties feel that this course is particularly appropriate as the General Agreement has proved to be a valuable instrument for contributing to the attainment of the objectives set forth in Article 55 of the UN Charter.

The substance of the proposals of the Contracting Parties is set out in paragraph (vii) of the enclosed decision.

The Contracting Parties hope that it will be possible for the UN in this manner to facilitate the discharge by the Contracting Parties of the obligations imposed upon them by the terms of the Agreement. They feel that in order to permit them to discharge this responsibility effectively it will be necessary that the Secretariat of the Contracting Parties should operate under their direction having regard to the fact that the administration of the Agreement is a matter which by its terms is the responsibility of the Contracting Parties acting jointly.
It is, of course, fully understood that the staff provided for the Secretariat of the Contracting Parties would in administrative matters be under the control of the Secretary-General.

In order to clarify further the intentions of the Contracting Parties, I am sending you herewith, as a second enclosure, a memorandum of the points which the Contracting Parties feel could be usefully contained in an understanding between themselves and the United Nations for giving effect to the present proposal, if it commend itself in full to the United Nations.
MEMORANDUM OF UNDERSTANDING
REGARDING THE ESTABLISHMENT OF THE SECRETARIAT
FOR THE CONTRACTING PARTIES TO THE
GENERAL AGREEMENT ON TARIFFS AND TRADE

1. The responsibility for the administration of the General Agreement rests, by virtue of Article XXV of the Agreement, upon the Contracting Parties.

2. In order to facilitate the discharge of the responsibilities resting upon the Contracting Parties under Article XXV of the Agreement, the Secretary-General will appoint, after consultation with the Contracting Parties, an Executive Secretary as chief executive officer of the Contracting Parties. The Secretary-General will also appoint to the Secretariat of the Contracting Parties the staff required for the administration of the Agreement, and provide the necessary conference services.

3. The Executive Secretary and his staff shall operate under the guidance of the Contracting Parties, but will be administratively under the control of the Secretary-General of the United Nations.

4. The expenses of the Contracting Parties will be defrayed out of the budget of the United Nations and shall be embodied in a separate chapter of that budget.

5. Budget estimates shall be prepared by the Executive Secretary in consultation with the United Nations Bureau of the Budget and approved by the Contracting Parties before being submitted to the Advisory Committee on Administrative and Budgetary Questions and the General Assembly.
6. The Assistant Secretary-General for Finance and Administration, or his representative, may be present at and participate in the discussions of all meetings of the Contracting Parties held for the purpose of discussing the above-mentioned budget proposals.

7. Contracting parties which are not members of the United Nations shall make contributions to the United Nations in accordance with an appropriate scale to be agreed upon with the Secretary-General of the United Nations.

8. The Contracting Parties shall communicate directly with the governments and vice versa.

9. The Contracting Parties may also enter into direct relationship with inter-governmental organizations and non-governmental organizations.

10. The proceedings of the Contracting Parties shall be conducted in accordance with the rules of procedure adopted by the Contracting Parties.

11. Similarly, such internal matters as distribution of documents, correspondence and archives, information arrangements, etc. shall be subject to rules established by the Contracting Parties.

12. The representatives of the contracting parties shall enjoy appropriate privileges and immunities in the exercise of their official duties.

13. So far as possible, the existing staff of the Interim Commission for the International Trade Organization shall be transferred to the Secretariat of the Contracting Parties.

14. Appropriate administrative arrangements shall be made with the Secretary-General for giving effect to this understanding.
Notes

a. It is thought that it would be desirable to draw attention at the outset to the fact that this responsibility rests, by the terms of the Agreement, exclusively on the Contracting Parties. As will be seen, the recognition of this basic fact is reflected in certain of the provisions of the various documents submitted.


c. Cf. Administrative arrangements with P.C.O.B. para. 7. As the Contracting Parties are responsible for the administration of the Agreement it is considered that it is appropriate that they should not only determine the programme of work required for this purpose but also accept responsibility for translating this into budget requirements. Moreover, some contracting parties are not members of UN but will be required to contribute to the Budget. It is reasonable, therefore, that they should have an opportunity to participate in the preparation of the budget estimates.

d. This would appear to follow from point 1, since it is the Contracting Parties as such which must deal with governments on matters arising out of the administration of the Agreement.

e. Relations with the I.M.F. are regulated specifically by the General Agreement. Relations with other organizations will depend upon the requirements of the administration of the General Agreement and the general UN arrangements may not be appropriate.

f & g. Parallel provisions occur in the arrangements with the P.C.O.B.
h. A provision to that effect appears in the agreement with the P.C.O.B. It would appear essential to make it clear that the provisions of the Convention on Privileges and Immunities of the United Nations or analogous arrangements relating to delegations apply to the delegations of the contracting parties.

i. It is contemplated that the detailed arrangements for transfer of staff, budgetary procedure, administrative control, participation in pensions scheme, staff appointments etc. would be contained in this supplementary arrangement.
THE ECONOMIC AND SOCIAL COUNCIL,

1. Having called, in Resolution 13 (I), of 18 February 1946, a United Nations Conference on Trade and Employment, which was held at Havana from November 21, 1947 to March 24, 1948, "for the purpose of promoting the expansion of production, exchange and consumption of goods";

2. Noting that the countries members of the Preparatory Committee for the Conference, appointed by the Council, and attending the Committee meeting in Geneva in 1947, negotiated a General Agreement on Tariffs and Trade, to which Agreement they became contracting parties;

3. Noting further that additional countries have become contracting parties to the General Agreement on Tariffs and Trade as a result of further negotiations at Annecy, France in 1949 and at Torquay, England in 1950-51.

4. Recognizing that the General Agreement on Tariffs and Trade is a valuable instrument for achieving reductions in tariffs and other barriers to international trade, for facilitating consultation between governments on current problems of commercial policy, and for pursuing the objectives of higher standards of living, full employment, and conditions of economic and social progress and development set forth in Article 55 of the United Nations Charter;

5. Having considered the communication of _ October 1951 addressed to the Council by the Contracting Parties to the General Agreement on Tariffs and Trade, in particular the statement of functions and activities of the Contracting Parties, the expression of interest in their close
association with the economic work of the United Nations, and the request for staff and conference services; and

6. Bearing in mind Resolution 413 (V) of the General Assembly and Resolution ___ (XII) of the Council itself regarding the concentration of efforts and resources devoted to economic and social work, and the need to avoid the proliferation and overlapping of international organizations:

1. Takes note of the communication of the Contracting Parties to the GATT;

2. Recommends that the General Assembly:

(a) Authorise the Secretary-General to provide the Contracting Parties to the General Agreement on Tariffs and Trade with the staff and conference services required for the administration of the Agreement, and to appoint, after consultation with the Contracting Parties, an Executive Secretary as chief executive officer for the Contracting Parties;

and

(b) Request the Contracting Parties to the General Agreement on Tariffs and Trade to furnish the Economic and Social Council with an annual review on their activities.