The sub-group has come to preliminary agreement, subject to the specific reservations and remarks recorded in the notes, on a draft agreement for the International Organization for Trade Co-operation. It has not as yet agreed on the paragraphs concerning this draft agreement which it will wish to propose for inclusion in the Working Party's report. These will be circulated separately. The sub-group thinks it would, however, be useful for the Legal and Drafting Committee to consider the legal drafting and to ensure conformity between the English and French texts.

**PART I - GENERAL**

**Article I - Establishment**

The /International Organization for Trade Co-operation/ (hereinafter referred to as the Organization), is hereby established to further, in the manner provided for in that agreement and herein, the achievement of the purposes and objectives set forth in the General Agreement on Tariffs and Trade (hereinafter referred to as the General Agreement).

**Article 2 - Membership**

The members of the Organization shall be the contracting parties to the General Agreement. Governments which become or cease to be contracting parties to the General Agreement, shall become or cease to be Members of the Organization. The Organization may, by a two-thirds vote, invite governments which are not or which cease to be contracting parties to the General Agreement to participate in such activities of the Organization and on such terms as it shall decide.

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1 It was suggested in the sub-group that the Legal and Drafting Committee might consider an amendment to Article XXXIII of the General Agreement so as to specify that a country acceding to the General Agreement should become a member of the Organization.
Article 3 - Functions

The Organization shall administer the General Agreement and generally facilitate the operation of that Agreement.

Other functions of the Organization shall be:

(a) to facilitate intergovernmental consultations on questions relating to international trade;

(b) to study questions of international trade and commercial policy and, where appropriate, make recommendations thereon;

(c) to collect, analyze and publish information and statistical data relating to international trade and commercial policy, due regard being paid to the activities in this field of other international bodies.

Working Party IV has still to consider the insertion of an enabling clause.

The Organization shall, in carrying out these functions, endeavour to give full effect to the provisions of Article I.

No decision or other action of any body of the Organization shall have the effect of imposing on a Member any new obligation which the Member has not specifically agreed to undertake.

Article 4 - Settlement of Disputes and Difficulties

The Members recognize that the purposes and objectives referred to in Article I will be furthered by the prompt and amicable discussion and adjustment of disputes or difficulties arising in international trade. Any such dispute or difficulty which the Members cannot resolve by direct consultation or by some other method of amicable settlement may be submitted to the Organization which may study the matter and, where appropriate, make recommendations.

No decision has been taken on this Article in the sub-group.

It is suggested that sub-paragraph (c) would cover the proposals of the Scandinavian delegations (L/273, L/275 and L/276) and of the German delegation (L/261/Add.1, p.17) for the insertion of paragraphs or articles relating to the undertaking of studies, collection of statistics, etc. In addition, the Scandinavian countries proposed in Working Party II that the Organization should study definitions of value, procedures for determining value, and standardization of rules and procedures relating to dumping, subsidization, and anti-dumping and countervailing duties, and make recommendations to members thereon. The sub-group suggests that the report of the Working Party record that it considers that sub-paragraph (b) and Article 26 adequately cover such activities by the Organization and that the CONTRACTING PARTIES in adopting this report should specifically endorse this interpretation and agree that the Organization should, in accordance with these provisions, consider studying those questions where appropriate.

See German Note - Spec/47/55.
PART II - STRUCTURE OF THE ORGANIZATION

Article 5

The Organization shall consist of an Assembly, an Executive Committee and a secretariat.

The Assembly

Article 6

The Assembly shall consist of the members of the Organization.

Article 7

It shall be the responsibility of the Assembly to carry out the functions of the Organization as set forth in Article 3.

Article 8

The Assembly shall meet in regular annual session and in such special sessions as may be convened in accordance with the rules of procedure.

Article 9

The Assembly shall establish its own rules of procedure and shall approve the rules of procedure of the Executive Committee and of other subsidiary bodies.
The Executive Committee

Article 10

The Executive Committee shall consist of sixteen members of the Organization elected periodically by the Assembly. Each election shall be for a single term and each member shall be eligible for re-election. In such elections, the Assembly shall be guided by the following criteria:

(a) The Executive Committee shall include the members of chief economic importance, in the determination of which particular regard shall be paid to their shares in international trade.

(b) The Executive Committee shall be representative of the broad geographical areas to which the members belong.

(c) The Executive Committee shall be representative of different degrees of economic development, different types of economies and different economic interests.

Article 11

The Executive Committee shall exercise the powers and perform the duties assigned to it by the Assembly.

Article 12

Any member of the Organization which is not a member of the Executive Committee shall be entitled to participate, without the right to vote, in the discussion by the Executive Committee of any matter of particular concern to it.

1 Brazil reserves its position on this clause. The United Kingdom reserves its position that a number should be specified either in the Article or the report.

2 Brazil, Chile and India specifically reserved their position on this Article, to the effect that any assignment of powers from the Assembly should be by a two-third vote.

The question whether this Article should include specific provisions with regard to the right of appeal to the Assembly of decisions by the Executive Committee is under consideration by the sub-group.
The Secretariat

Article 13

The Assembly shall appoint a Director-General as chief administrative officer of the Organization. The powers, duties, conditions of service and term of office of the Director-General shall conform to regulations approved by the Assembly.

Article 14

The Director-General shall appoint members of the staff and shall fix their duties and conditions of service in accordance with regulations approved by the Assembly.

Article 15

The Director-General or his representative shall be entitled to participate, without the right to vote, in all meetings of the Assembly and subsidiary bodies of the Organization.

Article 16

The Director-General and the members of the staff shall have the status of international officials. In carrying out their duties they shall neither solicit nor accept instructions from any government or any authority outside the Organization. They shall refrain from any act incompatible with their position as international officials. Members shall respect the international character of the responsibilities of those officials and shall not seek to influence them in the discharge of their duties.

Article 17

The selection of the members of the staff shall as far as possible be made on a wide geographical basis and with due regard to the various types of economy represented by Member countries. The paramount consideration in the selection of candidates and in determining the conditions of service of the staff shall be the necessity of securing the highest standards of efficiency, competence, impartiality and integrity.
Voting

Article 13

At meetings of the Assembly each member of the Organization shall be entitled to have one vote and, except as otherwise provided for in the General Agreement or in this Agreement, decisions of the Assembly shall be taken by a majority of the votes cast.

Members of the Executive Committee and other subsidiary bodies shall have one vote therein.

In the exercise by the Organization of any function under the General Agreement, unless such agreement provides otherwise, only Members which are also parties to such agreement shall be counted thereunder in determining the fulfilment of the respective voting requirements.

PART III - BUDGET AND ADMINISTRATIVE PROVISIONS

Budget

Article 19

The Director-General shall present to the Assembly, through the Executive Committee, the annual budget estimates and financial statements of the Organization. The Assembly shall approve the accounts and the budget. It shall apportion the expenditures of the Organization among the members, in accordance with a scale of contributions to be fixed by the Assembly, and each member shall contribute promptly to the Organization its share of these expenditures. The Assembly shall take necessary measures to ensure that the contributions are paid by all members.

Relations with other organizations

Article 20

The Organization shall make arrangements with intergovernmental bodies and agencies which have related responsibilities to provide for effective co-operation and the avoidance of unnecessary duplication of activities.
Article 21

In pursuance of the provisions of the preceding Article, the Organization may, by an agreement approved by the Assembly, be brought into relationship with the United Nations, as one of the specialized agencies referred to in Article 57 of the Charter of the United Nations.

Article 22

The Organization may make suitable arrangements for consultation and co-operation with non-governmental organizations concerned with matters within the scope of the Organization.

Status

Article 23

The Organization shall have legal personality and shall enjoy in the territory of each of the members such legal capacity, privileges and immunities as may be necessary for the exercise of its functions.

Article 24

The representatives of the members and the officials of the Organization shall similarly enjoy such privileges and immunities as may be necessary for the independent exercise of their functions in connection with the Organization.

Article 25

The privileges and immunities to be accorded by a member to the Organization and to its representatives and officials shall be similar to those accorded by that member to specialized agencies of the United Nations, their representatives and officials under the Convention on the Privileges and Immunities of the Specialized Agencies, or under similar arrangements.

1 South Africa reserves its position on the entire article.
PART IV - SPECIAL PROVISIONS RELATING TO THE ADMINISTRATION OF THE GENERAL AGREEMENT

Article 26 - Administration in General

The Organization shall give effect to those provisions of the General Agreement which provide for action by the Organization, and shall carry out such other activities in relation to that Agreement which involve joint action. This shall include the making of decisions, the sponsorship of negotiations and consultations, the conduct of studies, the circulation of proposals and the receipt of reports, in any case in which such action is required or appropriate to carry out the purposes of that Agreement.

Article 27 - Waivers in Exceptional Circumstances

In exceptional circumstances, not elsewhere provided for in this Agreement, nor provided for in the General Agreement, the Assembly may waive an obligation imposed upon a contracting party by the General Agreement, provided that any such decision shall be approved by a two-thirds majority of the votes cast and that such majority shall comprise more than half of the members.

Article 28 - Nullification and Impairment

(a) If a claim of nullification or impairment of a benefit accruing under the General Agreement is referred to the Organization, it shall promptly investigate the matter and shall make appropriate recommendations to the contracting parties to that Agreement which it considers to be concerned, or give a ruling on the matter, as appropriate. The Organization may consult with contracting parties, with the Economic and Social Council of the United Nations, and with any appropriate intergovernmental organization in cases where it considers such consultation necessary.

(b) If the Organization considers that the circumstances are serious enough to justify such action, it may authorize a contracting party or parties to suspend the application to any other contracting party or parties of any concession or other obligation under the General Agreement as it determines to be appropriate in the circumstances. If the application to any contracting party of any obligation or concession is in fact suspended, that contracting party shall then be free, not later than sixty days after such action is taken, to give written notice to the Secretary-General of the United Nations of its intention to withdraw from the General Agreement and such withdrawal shall take effect upon the sixtieth day following the day on which such notice is received by him.

Article 29 - Continued Application of Provisions of this Part

The Members shall not, acting as contracting parties to the General Agreement, amend that Agreement so as to provide therein for procedures, other than consultation, negotiation or recommendation, applicable to the general situations to which Articles 27 and 28 relate.

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1 See note to Article 3.

2 The last sentence is to be considered by the Legal and Drafting Committee.

3 This Article has been proposed by the United States and is opposed by Chile, France and the United Kingdom.
PART V - OTHER PROVISIONS

Article 30 - Amendments

Amendments to this Agreement shall become effective, in respect of those Members which accept them, upon acceptance by two-thirds of the Members of the Organization and thereafter in respect of each other Member upon acceptance by it.

Article 31 - Entry into Force

(a) The original of this Agreement shall be open for acceptance at Geneva on ______________ by signature or otherwise, by those governments which are contracting parties to the General Agreement. It shall thereafter be deposited with the Secretary-General of the United Nations, and on and after ______________ it shall be open for such acceptance at the Headquarters of the United Nations.

(b) Notwithstanding the provisions of Article 2:

(i) This Agreement shall enter into force, as among the governments which have accepted it, on the thirtieth day following the day on which it shall have been accepted by governments, the territories of which account for X per cent of the total external trade of the territories of the governments which were contracting parties to the General Agreement on 1 January 1955. Such percentage shall be determined in accordance with the table set forth in the Annex to this Agreement. It shall enter into force for each other government on the thirtieth day following the day on which it is accepted thereby.

(ii) If by ______________ this Agreement shall not have entered into force pursuant to sub-paragraph (i) of this Article, those governments, being contracting parties to the General Agreement, which are prepared to do so may nevertheless decide to apply it: Provided, That the territories of such governments account for the percentage of trade required for the entry into force of this Agreement under sub-paragraph (i).

Article 32 - Relation to Amendments to the General Agreement

If this Agreement enters into force before the entry into force of amendments to the General Agreement contained in [the Protocol Amending the General Agreement], dated ______________, this Agreement shall, until the entry into force of such amendments, be applied as if all references in the General Agreement to "the CONTRACTING PARTIES" were references to the Organization.

The Legal and Drafting Committee is considering a proposal of an amendment to Article XXX of GATT on the majority necessary for the vote adopting amendments for their acceptance. It is proposed this Committee consider the same problem with respect to this article.
Article 33 - Notification and Registration

(a) The Secretary-General of the United Nations shall promptly furnish a certified copy of this Agreement, and a notification of its entry into force, and of each acceptance thereof, accession, thereto, or withdrawal therefrom, to each contracting party to the General Agreement, to each member of the United Nations which is not such a contracting party, and to all specialized agencies of the United Nations.

(b) The Secretary-General is authorized to register this Agreement in accordance with Article 102 of the Charter of the United Nations.

Done at Geneva, in a single copy, in the English and French languages, both texts authentic, this __________ day of __________ , one thousand nine hundred and __________.