The sub-group was established in order to consider in the light of the discussions in the Working Party organizational provisions and related questions. It submits as a basis for the Working Party's report to the CONTRACTING PARTIES a draft Agreement for the International Organization for Trade Co-operation (Annex 1). In drawing up these Articles, the sub-group based itself upon the proposals of the French, Norwegian and United States delegations (L/290, L/276 and L/292). Specific reservations to the various Articles are recorded in the footnotes.

In addition the sub-group suggests the following texts for inclusion in the Working Party's report to the CONTRACTING PARTIES.

1. **General**

   It was agreed that the Organizational Agreement should contain only the basic provisions relating to the structure and functions of the Organization. Many questions of detail to give effect to the intent of the Articles of the Agreement would clearly have to be contained in the rules of procedure to be drawn up by the Assembly and the subsidiary bodies of the Organization. For example, it would be left to the Assembly in its rules of procedure to provide rules governing elections to the Executive Committee so that the criteria for its composition (contained in Article 10) can be fulfilled, rules regarding the term of office, the election of officers, etc. The rules of procedure of the Executive Committee would set out the rights reserved to non-members of that Committee (Article 12) with respect to notification of and attendance at meetings, circulation of documents, and so forth. Article 12 of the draft Agreement gives members the right to participate in meetings of the Executive Committee when matters of concern to them were under discussion, and it was emphasized in the sub-group that this Article should be liberally interpreted. It should be noted that the rules of procedure of the Executive Committee and other subsidiary bodies will be subject to approval by the Assembly.

2. **Article 1 - Establishment**

   In order to enable the Organization to administer the General Agreement an amendment is suggested to Article XXV, providing that the powers at present exercised by the CONTRACTING PARTIES shall be vested in the Organization when established (see Annex 2). It will be noted that, in addition to substituting a new paragraph for the existing first two paragraphs, the deletion of paragraphs 3, 4 and 5(a) is proposed since corresponding provisions are included in the Organizational Agreement.1

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1 Presently circulated as Spec/67/55
Spec/67/55
3. **Article 2 - Membership**

It will be noted that this Article specifies that members of the Organization shall be the contracting parties to the General Agreement. A parallel amendment is proposed to Article XX of the General Agreement so as to specify that a country which accedes to it should become a member of the Organization (see Annex 2). It was agreed that the participation by governments which are not parties to the General Agreement in the work of the Organization, which is foreseen in the last sentence of the Article, should be carefully defined in the Decision taken by the Organization so as to indicate the duration and extent of such participation.

4. **Article 3 - Functions**

(a) [Re enabling clause if any]

(b) The Working Party considered that sub-paragraph (c) of this Article would cover the proposals of the Scandinavian delegations (L/273, L/275 and L/276) and of the German delegation (L/261/Add.1, page 16) for the insertion of paragraphs or Articles relating to the undertaking of studies, collection of statistics, etc. It was also considered that sub-paragraph (b) of this Article, and Article 25, adequately covered the study by the Organization of definitions of value, procedures for determining value, standardization of rules and procedures relating to dumping, subsidization and anti-dumping and countervailing duties, and the making of recommendations to members thereon. The Working Party suggests that the CONTRACTING PARTIES specifically endorse this interpretation and agree that the Organization should, in accordance with these provisions, consider the study of such questions where appropriate.

(c) The German representative explained the proposal of his delegation (L/261/Add.1, page 17), the intention of which was to create certain obligations in the field of foreign trade statistics, in order that adequately detailed statistics of foreign trade (imports and exports) as well as of customs revenue, be established and published. This would be in the interest of contracting parties, particularly with relation to tariff negotiations and the collective reduction of tariff levels, and also in the interest of the international commercial world. This proposal was based on and limited to the more important provisions of Article 39 of the Havana Charter. The German delegation after hearing the views of the sub-group, agreed that it was not possible at this stage to insert the proposed Article, either into the General Agreement or into the Organizational Agreement. It was clear that many contracting parties would not be able to assume such obligations. Furthermore, it appeared to be a matter of too great detail to be adequately covered by a general provision, and one that might better be worked out by the Organization, if it so desired, as circumstances seemed propitious. The Working Party, while sympathizing with the reasons which had prompted the German proposal and agreeing that it would be helpful if contracting
parties were to publish regularly and promptly statistics of external trade of governmental revenue from import and export duties, considered that the precise means of implementing this objective might better be studied by the Organization.

In the course of the discussion of this question it was pointed out by representatives of the under-developed countries that many of them do not have the necessary technical knowledge and other facilities for the establishment of up-to-date statistical services. In view of the importance of adequate statistics for the administration of the General Agreement and for all concerned with international trade it was agreed that it would be desirable for the countries having well developed foreign trade statistics to place their experience at the disposal of other countries within the framework of the technical assistance or other programmes of the United Nations or, if this were not practicable, as a form of technical assistance through the General Agreement. If the CONTRACTING PARTIES endorse this point of view it is suggested that the Executive Secretary be instructed to pursue the matter with the Secretary-General of the United Nations and with the Technical Assistance Board.

5. Article 8 - The Assembly

It was agreed that, although not desirable to specify the meeting place of the Assembly and the Executive Committee in the Agreement, both bodies should meet at the headquarters of the Organization unless there were strong reasons to meet elsewhere.

6. Articles 10-12 - The Executive Committee

(a) The Working Party agreed that while it was essential to the effectiveness of the Executive Committee that it should be restricted in size, the paramount consideration for the composition should be its representative character. Some members felt that, in the event that membership of the Organization increased substantially or included countries with economic systems different from those of the present contracting parties, it might be necessary to provide for a larger Executive Committee. It was, however, considered that a specific provision covering this eventuality was not necessary as it could more appropriately be met by an amendment to the statutes of the Organization.

(b) Some members felt that the number of "members of chief economic importance" to be included in the Executive Committee in accordance with Article 10 sub-paragraph (a) should be specified. The general feeling of the Working Party was, however, that the detailed arrangements for giving effect to the criteria laid down should be left to be worked out by the Organization.
(c) It was agreed that the reference in Article 10, sub-paragraph (c) to "different types of economies" should be interpreted as covering small and medium economies.

(d) Some members felt that any delegation of powers by the Assembly (Article 11) should be subject to a two-thirds majority vote. Others felt that it was in practice unlikely that the Assembly would agree to such delegation unless in fact there were general agreement to do so, and that an express limitation was not necessary. Some members felt that if the Executive Committee were to consist of 16 members, it should be open to it to delegate some of its activities to a smaller body for purposes such as consultations with the International Monetary Fund. It was generally agreed that it was unnecessary to make specific provision for such delegation in the articles of Agreement. It would be for the Executive Committee to decide how best to carry out the responsibilities entrusted to it. Its working arrangements might well involve entrusting specific tasks to a smaller group of its members in appropriate circumstances, although such an arrangement should not extend so far as to delegate to a sub-group powers of decision which had been delegated by the Assembly to the Executive Committee itself. Such sub-delegation would only be appropriate where it had been envisaged and authorized by the Assembly.

7. Article 19 - Budget

It was agreed that the last sentence, "The Assembly shall take necessary measures to ensure that the contributions are paid by all members" would permit withdrawal of the vote from a member in arrears in the payment of its contribution or expulsion from the Organization.

8. Article 21 - Relations with the United Nations

The Working Party felt that the provision that "... the Organization may, by an agreement approved by the Assembly, be brought into relationship with the United Nations as one of the specialized agencies" did not in any sense prejudice the eventual decision of the Organization in this respect. The possibility that the Organization might wish to enter into some other form of arrangement with the United Nations, differing from specialized agency status, was covered by Article 20.

The Working Party took into account a suggestion by the Secretary-General of the United Nations that the CONTRACTING PARTIES should consider carefully a very close integration of the proposed Organization with the central organ of the United Nations. Whilst agreeing on the desirability of co-ordination and the avoidance of overlapping, the Working Party felt that having regard to the nature of the General Agreement and the functions which the Organization would have to carry out with respect to it that the
Articles proposed in the Organizational Agreement represent a more appropriate basis for working out a suitable relationship with the United Nations.

10. **Articles 31 and 32 – Entry into force and relation to amendments to the General Agreement**

The Working Party calls the attention of the CONTRACTING PARTIES to the Joint Report on the Establishment of an Organization by the Rapporteurs (W.9/93) which sets out the various phases in the establishment of the Organization, and other considerations.