JOINT GATT/UNCTAD INTERNATIONAL TRADE CENTRE

Draft Report by Working Party

1. The terms of reference of the Working Party were:

"To examine the proposals put forward by the Director-General (L/2839 and L/2890) in respect of the formation of a joint GATT/UNCTAD International Trade Centre, and to report to the CONTRACTING PARTIES."

2. The Chairman of the Working Party was Mr. J. Kaufmann (Netherlands) and the membership consisted of:

- Argentina
- Australia
- Austria
- Brazil
- Canada
- Ceylon
- France
- Germany, Fed. Rep. of
- Guyana
- India
- Israel
- Ivory Coast
- Japan
- Nigeria
- Sweden
- Switzerland
- United Kingdom
- United States
- Yugoslavia

The Commission of the European Communities, United Nations/UNCTAD and the Food and Agriculture Organization also participated.

Introduction

3. The Working Party addressed itself in turn to each of the aspects of the proposed arrangements, as set out in document L/2890, i.e. the functions of the Centre, governmental supervision, direction, resources, and administrative and financial arrangements. At the request of members of the Working Party the representatives of UNCTAD gave information on developments in the United Nations, where the proposed joint Centre was also under consideration, and clarified a number of points concerning technical assistance operations of the UNDP and budgetary and administrative procedures followed by the United Nations.

4. Though a discussion of the fundamental question whether a joint Centre should, or should not, be set up was not strictly within its mandate, members of the Working Party wished to place on record the agreement of their governments with the proposals, emphasizing that there should be a strong, dynamic and flexibly functioning GATT/UNCTAD Centre entrusted with sufficient responsibility and authority.
Joint operation of the Centre

5. The Working Party agreed to recommend to the CONTRACTING PARTIES that the International Trade Centre should be operated jointly by GATT and UNCTAD as from 1 January 1968. The arrangement would during 1968 be of an interim character on the basis of the work programme and budget already approved by GATT, with an additional financial contribution by UNCTAD subject to final approval by the United Nations.

6. During the interim period the Centre will be operated basically as at present, with UNCTAD participation. The Working Party believes that permanent procedures should be considered either by the Council or at the twenty-fifth session of the CONTRACTING PARTIES. It is assumed that similar action will be taken by the appropriate United Nations organs. Such permanent procedures, to be approved by the respective governing bodies on the basis of the initial experience gained from joint operation, would be implemented as from 1 January 1969, or as soon as possible thereafter. The main questions to be settled before permanent arrangements can become operative, are referred to below.

Functions

7. The Working Party agreed to recommend that the proposals concerning the general functions of the Centre, as set out in point I of the Annex to L/2890 should be endorsed. The possibility to revise these functions in the light of experience gained and subject to decision by the UNCTAD Board and the CONTRACTING PARTIES should, however, be provided for. In this connexion, several members emphasized that the joint Centre should provide benefits to the developing countries over and above the present level. Only if this were achieved could the joint operation of the Centre serve a useful purpose.

8. There was agreement in the Working Party that the trade promotion work of the Centre would concern not only the export promotion aspect, but that it was important that the Centre, in order to become fully effective, should in addition provide for active measures to promote imports from developing countries into the markets of the developed countries.
9. Though the Centre would not be concerned with the examination of trade policy issues such as tariffs, non-tariff barriers, preferences, etc., which was outside the competence of the Centre, members of the Working Party pointed out that, as part of its current functions, the Centre should be fully equipped to provide information on these matters to countries who requested it.

10. The Centre would collaborate with the bodies and organizations represented in the United Nations Export Promotion Programme. It was felt important that the Centre should further develop and intensify contacts already established by the GATT Centre with other intergovernmental agencies and non-governmental organizations active in the field of export promotion.

**Governmental supervision**

11. The Working Party agreed with the proposal that, while governmental supervision of the Centre would be exercised by the CONTRACTING PARTIES and the UNCTAD Board, to whom an annual report on the Centre's activities should be submitted, there should be established a joint advisory group along lines and with terms of reference similar to those of the already existing group in GATT, with the principal task of advising on the work programme and activities of the joint Centre. The group would in principle be open to any government member of UNCTAD or GATT who would be prepared to provide an expert on trade promotion. It was however important to ensure that any government interested in a matter under consideration in the group should be able to participate in it.

12. The Group would meet annually to review the activities of the Centre and formulate recommendations on its future work programme to the governing bodies.

13. As the Centre would utilize the knowledge and expertise available in other competent United Nations bodies, and would thus need to be adequately informed of their activities, attendance by observers from such bodies at meetings of the group should be provided for.
Direction of the Centre

14. The Working Party agreed to recommend that the Centre should be, as of 1 January 1968, headed by a Director appointed in agreement between the Director-General of GATT and the Secretary-General of UNCTAD and be responsible to them in the discharge of his duties.

15. The Working Party felt that it would be premature to spell out in detail how the joint guidance of the Centre would be effected in practice. It was emphasized, however, that the Director in the discharge of his day-to-day duties in connexion with the carrying out of the Centre's work programme, should have sufficient degree of autonomy to permit the smooth functioning of the Centre. He would, however, be guided in all policy matters by the executive heads or their representatives.

16. The question of the grading of the post of the Director was raised in the Working Party. It was felt that this matter should be arranged so as to make the grading of this post commensurate with the wider responsibilities that it will carry in future, and it was agreed to recommend to CONTRACTING PARTIES that the Director-General should be authorized to take up this matter with the Secretary-General of UNCTAD at an appropriate time.

Resources of the Centre

17. During the interim period (i.e. 1968), the Centre's resources for covering its activities concerning trade information, market research, publications, trade promotion advisory missions, training and in general all expenses relating to the running of the Centre, will consist of the amount included for this purpose in the GATT budget for 1968, voluntary contributions by governments, and an additional $90,000 to be provided by United Nations/UNCTAD.

18. The Working Party does not wish to recommend any rigid formula to be applied to the United Nations/UNCTAD contribution to the Centre's regular budget. Several members expressed however the view that in whatever way the budget was
shared when the permanent arrangements were implemented, it should not lead to a reduction of the level of funds available in 1968 to the Centre from the GATT budget. As from 1969, it is hoped that the share of United Nations/UNCTAD in the regular budget of the Centre will be considerably augmented and that it should gradually rise until it matches the GATT part, whereafter any annual increase would be equally divided.

19. As regards procedures for approval and control of the joint Centre budget, the Working Party felt that this was among the matters which should be further studied during the interim period, with a view to working out appropriate arrangements for approval by the governing bodies.

20. It was recognized that the United Nations technical assistance programmes could, on the basis of requests by governments, bring about a substantial strengthening of the Centre's activities. With respect to the rôle of the Centre in providing substantive support under United Nations technical co-operation programmes, the Working Party noted that requests for such support in the form of missions and experts would as a rule bring with them their own financing so that the Centre should be able to absorb the additional tasks without difficulty. The point was also raised that it was desirable to explore the possibilities for the Centre acting as a participating agency for technical assistance purposes.

Administrative and financial arrangements

21. The Working Party agrees that administrative and financial arrangements, which would be worked out jointly by GATT and UNCTAD, should be kept as flexible as possible. The Working Party does not at this stage wish to make any detailed recommendations as regards e.g. recruitment procedures, application of financial regulations, etc., but feels that the secretariats should continue to consult with each other on these matters. In the interest of flexibility and economy, the Working Party endorses, however, the specific suggestion that GATT should continue to deal with personnel actions, make payments and keep accounts relating to the regular budget of the Centre.
22. In submitting its report to the CONTRACTING PARTIES, the Working Party suggests that the CONTRACTING PARTIES may wish to consider whether the Working Party should be kept in existence in order that it might, as appropriate, meet again before the twenty-fifth session to review developments in connexion with the functioning of the joint Centre.