TARIFF COMMITTEE AND COMMITTEE ON ECONOMIC DEVELOPMENT

Note Submitted for Discussion by Australian, Mexican and United States Delegations

Objection has been raised to Article 61 which establishes a Tariff Committee to act on behalf of the Organization in matters relating to Article 17 on the ground that it transfers to a limited group of members functions which are essentially the responsibility of the Organization as a whole. This objection seems to be valid in certain respects. At the same time it must be recognized that in certain matters countries which have fulfilled their obligations under Article 17 are entitled to some guarantee that the concessions they have made in anticipation of reasonable response by other countries do not remain substantially unilateral. Similarly, however, such other countries are entitled to some guarantee that they will not face a combined attempt to extract unreasonable concessions in return.

This problem cannot, we consider, be dissociated from the proposal of the Mexican delegation to establish an Economic Development Committee. Its establishment is proposed because effective implementation of the Organization's functions in relation to Economic Development requires the existence of a specialized organ for this purpose. However, Economic Development is the responsibility of the Organization as a whole, and its delegation to a separate Committee independent of the Organization's direct executive - i.e. the Executive Board - raises acute problems of the relationship between the various instrumentalities of the Organization and may result in Economic Development being considered in isolation and without, for instance, exercising the influence which it should do on decisions relating to commercial policy.

These two issues are closely related and should be dealt with together. Any decision in relation to them should be based on the following principles:

1. Any instrumentalities of the Organization should be established so as to preserve the essential unity of the Organization.
2. There should be clear lines of responsibility leading down from the Conference to its subordinate instrumentalities without serious conflicts of
conflicts of jurisdiction.

3. The organizational provisions for the handling of Article 17 should offer reasonable protection -

(a) to members which have already made tariff reductions as required by Article 17 that these concessions will not remain unilateral in relation to other Members;
(b) to Members which have not yet made tariff reductions that they will not be called upon to pay an unreasonable price for continuing to enjoy concessions already granted to other Members;

The organizational provisions for dealing with Economic Development should ensure -

(a) the continuing existence of an executive body with special interest and capacity in this field; and
(b) that the functions of the Organization in this connection are carried out in a way which ensures effective integration of action in this field with action by the Organization in other related fields of its responsibilities.

On the bases of these principles the following proposals are submitted.

1. TARIFF COMMITTEE

That Section E of Chapter VII be amended to provide

(a) that the Tariff Committee should be an interim body and should go out of existence when a substantial majority of the Members of I.T.O. are contracting parties to the G.A.T.T.;
(b) that any Member which is the subject of a complaint before the Tariff Committee should have the right to participate in the deliberations and decisions of the Committee on that complaint;
(c) that before reaching a decision under Article 17 paragraph 4 (new text) the Tariff Committee should confer with the Economic Development Committee on aspects of the question before it which are relevant to the work of the Economic Development Committee;
(d) that there should be a right of appeal to the Executive Board and the Conference against a decision of the Tariff Committee in cases in which a Member alleges that the contracting parties to the G.A.T.T. have unreasonably prevented the Member from becoming a contracting party.

2. THE ECONOMIC DEVELOPMENT COMMITTEE

That Section C of Chapter VII be amended to provide that

(a) The Executive Board should establish an Economic Development Committee of 16 Members which would act generally for it in matters relating to economic development including -
(i) decisions arising out of Chapter III;
(ii) general supervision of any expert commissions dealing with economic development established under Article 79;
(iii) general supervision of work of Director General and staff in relation to Economic Development.

(b) Decisions of the Committee on Economic Development should be subject to review by Executive Board.

3. THE GENERAL AGREEMENT ON TARIFFS AND TRADE.

That this Agreement should be amended to permit the adherence of a Member as a contracting party by a vote of two thirds of the contracting parties instead of all the parties as at present.

The texts of the relevant parts of Sections C and E of Chapter III in the suggested amended form are attached.

SECTION C - New Article 78 A - The Economic Development Committee

1. The Executive Board shall establish a Committee for Economic Development which shall be initially responsible for the exercise of the functions of the Board in respect of economic development generally and including the following matters:

(a) responsibilities and decisions arising out of Chapter III of this Charter to the extent that such responsibilities and decisions are delegated to the Board by the Conference;
(b) the supervision of such Commissions established under Article 79 to deal with questions of economic development;
(c) the general supervision of the Director General and staff appointed by him in relation to work on economic development.

2. The Committee for Economic Development shall consist of 15 Members selected by the Executive Board so that the Committee adequately represents Members at various stages of economic development.

3. The activities of the Economic Development Committee shall be subject to review by the Executive Board.

SECTION E - ARTICLE 81 - Interim Tariff Committee.

1. During the first year after the entry into force of this Charter and for so long thereafter as 80 per cent of the Members of the I.T.O. are not also contracting parties to the G.A.T.T. there shall be an Interim Tariff Committee which shall act on behalf of the Organization in initiating the negotiations provided for under paragraph 1 of Article 17 and in making the recommendations and determinations pursuant to paragraph 2 of Article 17.

2. The Interim Tariff Committee shall consist of those contracting parties to the G.A.T.T. referred to in paragraph 1 (d) of Article 17 which are Members of the Organization.

3. Any Member
3. Any Member which is the subject of a complaint before the Interim Tariff Committee shall be entitled to participate in the deliberations and decisions of that Committee in relation to the complaint.

4. The Interim Tariff Committee, before making any recommendation or determination pursuant to paragraph 2 of Article 17, shall confer with the Economic Development Committee on those aspects of the matter upon which such recommendation or determination is to be made as are relevant to the functions of the Economic Development Committee.

5. If as a result of a determination of the Interim Tariff Committee pursuant to paragraph 2 of Article 17 a Member is authorized to withhold benefits from another Member and that Member alleges that the Contracting Parties to the G.A.T.T. have unreasonably prevented the affected Member from becoming a contracting party to the G.A.T.T. the affected Member may appeal to the Executive Board or to the Conference against the determination of the Interim Tariff Committee. The Executive Board or the Conference may by a vote of two thirds of Members present and voting sustain such an appeal.