Executive Committee

Second Session

Report of Sub-Committee 3 on Administration

SECTION 1

Relations between the ITO and the United Nations, Specialized Agencies, and Non-Governmental Organizations.

The Sub-Committee, in accordance with its directive from the Executive Committee, has examined the various drafts submitted as a basis for recommendations to be prepared by the Interim Commission for submission to the first Annual Conference of ITO in accordance with paragraph 2 (c), (d), and (e) of the terms of reference of the Interim Commission.

The detailed recommendations of the Sub-Committee on each of these drafts are set out below and drafts revised in accordance with these recommendations are annexed to this Report.

As regards future procedure to be followed in relation to these drafts, the Sub-Committee consider that the objective should be to achieve as full agreement as possible with the organizations concerned so that the Agreements may be ratified and come into force with a minimum of further negotiation. Accordingly, the Sub-Committee suggest (a) that the Executive Committee at its current session approve first drafts, (b) that these first drafts then be circulated to governments for further study, (c) that with regard to the Draft Agreement with the United Nations, the Chairman and the Executive Secretary, and, with regard to the other drafts, the Executive Committee to circulate these drafts.
Secretary, be authorized to have further consultations with the organizations concerned, and (d) that, insofar as further consideration by governments or further consultations with the other organizations may require, the drafts be re-submitted to the Executive Committee for further consideration. The extent to which further consultations may be necessary subsequent to stage (d) and prior to the submission of the drafts to the first Annual Conference can be determined at the next Session of the Executive Committee. Finally, the Sub-Committee, in order to avoid any misunderstanding in this respect, wishes to emphasize that the texts submitted for consideration are intended as drafts which will have to be considered in due course by the first Annual Conference and by the appropriate organs of the other organizations concerned. They are not intended as suggestions for relationships between the Interim Commission and other organizations. Such relationships, the Sub-Committee consider, do not require any formal basis. No doubt as regards such matters as liaison, exchange of information and, when appropriate, reciprocal representation, the drafts might serve as a suitable indication for such informal relationships, especially in the case of the United Nations, with which the Interim Commission will need to collaborate closely.

I. DRAFT AGREEMENT BETWEEN THE UNITED NATIONS AND ITO

The Sub-Committee make the following recommendations regarding the draft contained in document ICITO/EC.2/2/Add.1:

Article 1

Paragraph 1. Line 2 should read "a specialized agency and as being responsible for taking such action".

Note: The Sub-Committee felt that having regard to the broad scope of the Havana Charter, it was inappropriate to refer to
the ITO as "the specialized agency" responsible for all appropriate action within the field of the Charter since there were other specialized agencies which had responsibilities for certain aspects of such matters. The text as revised would conform to Article I of the Agreement between the FAO and the United Nations.

Paragraph 2. In the third line, delete the words in parentheses "hereinafter called the Council".

Note: The Sub-Committee considered that the text of the Agreement would be clearer if wherever reference was made to the Economic and Social Council, its title appeared in full. The words "Economic and Social" should, therefore, be added before the word "Council" in Article I, paragraph 2, Article II, paragraphs 2 and 6, Article III, Article V, Article VIII, Article XI, and Article XVIII.

Paragraphs 3 and 4. The Sub-Committee felt that the arguments adduced in the discussion in the Executive Committee for the deletion of paragraphs 3 and 4 were well founded. The position of the Organization regarding political matters was clearly set out in Article 86, paragraph 3, of the Havana Charter and the Interpretative Notes to that Article. It was, therefore, unnecessary and probably unwise to reproduce in the Agreement a matter which was clearly defined in the basic instrument of the International Trade Organization.

Article II

The Sub-Committee consider a suggestion for limiting the scope of paragraph 1 by the deletion of the phrase beginning "the Commissions ..... may convene". The Sub-Committee felt, however, that such a substantial variation from the usual form of Agreement would be undesirable and that the anxieties which had given rise to this suggestion could be met by modifying
the provisions of paragraph 3 of Article VII so as to permit the Organization and the United Nations to exempt from the provisions of paragraph 1 of Article II such meetings at which attendance was restricted because of the confidential nature of the discussion.

The Sub-Committee therefore recommends that paragraph 3 of Article VII be deleted and that there be inserted in the draft Agreement a new Article II, reading as follows:

1. The United Nations and the Organization are subject to certain necessary limitations for the safeguarding of confidential information furnished to them by their Members or others. Moreover, the Havana Charter lays special emphasis on the highly confidential nature of certain consultations to be undertaken by or through the Organization.

2. Accordingly, nothing contained in this Agreement shall be construed

(a) to require either of them to make available any information the furnishing of which would in its judgment constitute a violation of the confidence of any of its Members or any other source from which such information shall have been received, or which would otherwise interfere with the orderly conduct of its operations, or

(b) to give either of them the right to attend meetings held by the other at which attendance is restricted because of the confidential character of the matters to be discussed.
Article IV

In line 6, insert the word "social" between the words "economic" and "cultural". This word was omitted from the draft by inadvertence.

Article VII

Paragraph 2 (a). The last line should be amended to read "organization and in so far as practicable an account of its proposed activities and work programmes".

Paragraph 2 (b). The reference to Article XV should be to Article XVII.

Paragraph 3. To be deleted and replaced by a new Article IIIA, see above.

Article XI

Paragraph 3 should be deleted in that it refers to the internal organization of the ITO.

Article XII

Paragraph 2. The reference to the Co-ordination Committee should be to the Administrative Committee on Co-ordination to conform to the decision of the Economic and Social Council regarding the change of name of this Committee.

Article XIV

Paragraph 1. Line 4: The word "effective" should read "efficient". This conforms to the standard form of agreement and the departure was due to inadvertence.

Article XVI

Paragraph 3. Add the words "and agrees to consult at the appropriate time with the United Nations concerning suitable arrangements for inclusion of the budget of the ITO within
such a general budget".

Paragraph 2. Add sub-paragraph (f) as follows:

"The Organization agrees to conform as far as may be practicable to standard practices and forms recommended by the United Nations."

This is in conformity with Agreements with a number of other specialized agencies.

Article XVIII

The last line should be amended to read as follows:

"specialized agencies, inter-governmental organizations or non-governmental organizations,"

Article XIX

Paragraph 2, Line 2:

Insert "shall" between the words "agreement" and "apply". This omission was a clerical mistake.

Article XX

Line 2:

Insert the word "supplementary" between the words "such" and "arrangements".
II. Draft Agreement between the ITO and the IMF

The Sub-Committee considered it desirable to make substantial changes in the draft submitted in document ICIT0/EC.2/2/Add.2/Rev.1 and to submit a new draft as contained in the Appendix to this Report. In these circumstances, no attempt has been made to list the specific changes as is done in the case of other Agreements.

As regards the general question raised in the preliminary discussion in the Executive Committee as to the provisional or definitive character of the Agreement, the Sub-Committee felt that in view of the terms of Article VIII(3) of the revised draft dealing with the revision of the Agreement, the point was of less importance than at first appeared. They feel, therefore, that if the draft of this Article is accepted by the Executive Committee, no further question need arise on this issue.

III. Draft Agreement between the ITO and the FAO

The Sub-Committee recommends the following modifications in the draft contained in document ICIT0/EC.2/2/Add.3:

Article I
Paragraph 2: Delete the last sentence and insert the following new paragraph 3:

"Such consultation may be undertaken through arrangements at the secretariat level, or through such joint committees as may be established by the two organizations composed of an equal number of persons designated by each organization. The United Nations shall be invited to designate a representative to attend the meetings of such committees and copies of the documents of such committees shall be sent to the Secretary-General..."
of the United Nations for information. Representatives of appropriate specialized agencies of the United Nations may also be invited to attend the meetings of such committees.

Note:
The Sub-Committee considered that provision for joint committees which, in document ICITO/EC.2/2/Add.3, is the subject of a special Article VI would more appropriately be included in Article I which deals with consultation.

Article II
Paragraph 4: Line 3: For "Articles 82 and 83" read "Article 82".

Line 4: For "shall be entitled" read "may".
The last sentence of this paragraph to read as follows:
"Similarly if FAO at any time establishes commissions or committees, representatives of the ITO shall be invited to attend meetings in which it has an interest and may participate without vote in deliberations in respect of items of interest to it."

Article III
In the title, for "International Arrangements" read "Intergovernmental Arrangements".

Paragraph 1 (b) : For "will" read "shall".
Paragraph 2(a) : The Sub-Committee recommend the following redraft:
"2(a) FAO is recognized by ITO to be competent within the meaning of Article 67 of the Havana Charter and FAO shall, therefore, have the rights and responsibilities set out therein."
Note: The Sub-Committee suggest that if the Executive Committee agree that an Article in this form be included in the draft, it should be pointed out in the Report of the Interim Commission to the Conference that in approving such a provision, the Conference would be making a substantive ruling under Article 67. The Sub-Committee consider that it would be desirable in the interests of co-operation between the FAO and the ITO that such a ruling be made at the first Annual Conference.

Paragraph 2 (b): First line, for "will" read "shall".

Note: The Note above to paragraph 2 (a) applies with even greater force to paragraph 2 (b). The Sub-Committee feel that decisions under paragraph 3 of Article 64 to invite inter-governmental organizations to nominate representatives to a commodity council should normally be taken ad hoc in relation to each particular case. In view, however, of the special interests of FAO in relation to agricultural commodities and for the reasons given in the preceding Note, it should be recommended that the first Annual Conference make a ruling in the sense of this paragraph.

Paragraph 3: The Sub-Committee recommend the following redraft:

"3. Having regard to the special responsibilities of the ITO under the Havana Charter and to the exemptions from certain obligations therein for Members concluding Commodity agreements in accordance with Chapter VI of the Charter, the FAO recognizes that the ITO is responsible for procedures and principles involved in such international commodity agreements."
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ITC shall consult the FAO on all matters of common concern in this field."

Articles IV and V

The Sub-Committee recommend the amalgamation of these two Articles as follows:

"FAO and ITC shall co-operate, in consultation with the United Nations whenever appropriate, in any studies, surveys or activities which can be most advantageously undertaken on a joint basis, including

(a) any studies on the relationship between world prices of primary agricultural commodities and manufactured products that may be undertaken in accordance with the functions of the ITC as set out in Article 72, paragraph 1 (d), of the Havana Charter; and

(b) whenever appropriate, activities directed to the facilitation and promotion of agricultural industrial and general economic development."

The Sub-Committee suggest the insertion of a new Article V on inter-secretariat relationships to read as follows:

"Article V

Inter-Secretariat Relationships

The Directors-General of FAO and ITC shall, when appropriate, develop inter-secretariat consultations and joint working groups for the purpose of formulating and carrying out proposals for joint or parallel secretariat studies, or formulating proposals for reference to the governing bodies of the respective organizations."
Article VI

Following the recommendation of the Sub-Committee regarding the incorporation of the substance of Article VI in I, the present Article should be deleted.

Article IX

The Sub-Committee suggest the addition of a new sentence at the end of paragraph 2 to read as follows:

"In particular, the organizations shall examine, in consultation as necessary with the Statistical Office of the United Nations, the desirability of submitting to governments in appropriate cases joint requests for statistical information."

Article XII

Delete the words "the Council of" before "Food and Agriculture Organization".

Article XIII

For the words "the Secretary-General of the United Nations", substitute "the Economic and Social Council".

Article XIV

For "subject" in the first line, read "open".

In the second and third lines, delete "Council of the " before "Food and Agriculture Organization" and "Executive Board of the" before "International Trade Organization".

Minor Modifications.

In all references to the FAO subsequent to that in Article I, paragraph 1, delete the words "of the United Nations". This modification affects Article II, paragraphs 1, 2, 4 and 5; Article VI, paragraphs 1 and 3; Article VII, paragraphs 1 and 2; Article VIII, Article IX, paragraphs 1 and 2, and Articles XI, XII, XIII and XIV.
IV. Draft Agreement between ITO and ILO

The Sub-Committee recommend the following modifications in the draft contained in document ICIT0/EC.2/2/Add.6:

In the second paragraph of the Preamble, line 4, insert commas between "organizations" and "which" and between "responsibility" and "provide".

Article III

Paragraph 1: Add the following words at the beginning of the paragraph:

"Having regard to the provisions of Article 57 (b) and Article 62 (b) of the Havana Charter ..... "

Note: The Sub-Committee felt that it was desirable by reference to specific provisions of the Havana Charter to indicate those aspects of inter-governmental commodity agreements in which the ILO has a particular interest. As in the case of a similar provision in the Draft Agreement with FAO, the Sub-Committee suggest that it be brought to the attention of the Conference that the approval of an Article in these terms involves a substantive ruling under Article 67 of the Havana Charter.

Paragraph 2: The Sub-Committee recommend the deletion of this paragraph.

Note: The Sub-Committee felt that the paragraph as drafted was too sweeping in its effects and might set an embarrassing precedent. Decisions under paragraph 3 of Article 64 to invite inter-governmental organizations to nominate representatives to a commodity council should normally be taken ad hoc in relation to each particular case. Moreover, paragraph 2 was probably unnecessary in any event in view of the provisions of Article I regarding consultation on matters of common concern.
Article IV

The Sub-Committee took note of the variation of this draft Article from the standard forms of agreement in making no provision for reciprocal representation on subsidiary organs of either body. They understood that the view of the Secretariat of the ILO was that the ILO would prefer to rely upon the provisions of paragraph 4 of this Article rather than to insert a provision in a permissive and qualified form regarding the Executive Board such as appeared in the original drafts for agreements between the ITO and the IMF and FAO.

Article V

Paragraphs 1 and 2: Delete and substitute by the following single paragraph:

"1. The two organizations may refer to a joint committee established by agreement between them any question of common interest which it may appear desirable to refer to such a committee."

Article VIII

Paragraph 2: Add at the end the following sentence:

"In particular, the Organizations shall examine, in consultation as necessary with the Statistical Office of the United Nations, the desirability of submitting to governments in appropriate cases joint requests for statistical information."

Article X

Paragraph 1: A suggestion was made that this paragraph should also refer to collaboration and liaison between the staffs of regional offices. The Sub-Committee did not adopt this suggestion since it considered that the Article was broad enough to cover both headquarters and regional offices.
Article XII

Delete the reference before "the International Trade Organization" to "the appropriate body for approving the Agreement".

V. Relations between ITO and ICAO

The Sub-Committee recommend the text contained in document ICITO/EC.2/SC.2/2 as a basis for an exchange of letters between the ICAO and ITO, subject to the following modifications:

Paragraph 1, line 6: For "the" read "their" before "annual conferences".

Line 8: For "likely to be of common interest" read "at which matters of common interest are scheduled for discussion".

Paragraph 2(i): Third sentence, redraft as follows:

"It is recognized that the administration of customs formalities in connection with the movement of aircraft presents a special problem because of the speed of this mode of transport."

In the fourth sentence, for "not in conflict with" read "in conformity with".

The Sub-Committee suggest that the fifth sentence be deleted as it gives rise to difficulties of drafting and is in any case already covered by implication in the preceding sentence.

In the sixth sentence, revise to read as follows:

"The ITO will request ICAO's participation, and will take into account the work of ICAO in this field, in the preparation of recommendations on customs formalities insofar as these relate to the carriage of goods by air."
VI. International Customs Tariff Bureau

The Sub-Committee entrusted the detailed investigation of this question to a Working Party which, in addition to exploring the legal and administrative problems involved, and various alternatives for their solution, also consulted with the Director of the Bureau.

On the basis of the Working Party's Report, the Sub-Committee submit the following recommendations:

(1) On the basis of a detailed examination of this problem by a Working Party, the Sub-Committee are of the opinion that, if the work of the Bureau is to be maintained without interruption, the most practicable procedure would be that envisaged in Article 87, paragraph 3 (c), of the Havana Charter. The Sub-Committee therefore recommends that the Executive Secretary be directed, in consultation with the officials of the Bureau, to work out the details of an arrangement for bringing the Bureau under the direct supervision of the ITO.

The arrangement so worked out would be submitted to the Executive Committee at its next session and eventually to the First Session of the Conference of the ITO. Under such an arrangement, the Bureau would be financed from the ITO budget, at least insofar as those of its Members which are also Members of the ITO are concerned. Such a method of financing would relieve ITO Members from further current contributions to the Bureau. It would, however, leave the Bureau free to collect full contributions from other Members which were not Members of the ITO, and to seek the payment of arrears from any Members which had not already made such payment.
The Sub-Committee believed, however, that at a later stage it might be found desirable to look forward to the performance of the functions of the Bureau by the ITO itself. The Sub-Committee recommends, therefore, that the Executive Secretary be requested to take this possibility into consideration in the course of the consultations referred to above, and to report to the Executive Committee on possible means of effecting at a later stage a transfer of the functions and resources of the Bureau to the ITO under paragraph 3 (b) of Article 87 of the Havana Charter.

Under the second stage it might be envisaged that the work might still be carried on in Brussels, but the Working Party does not feel qualified to express a view at this time as to what arrangements should be made at such stage.

The Sub-Committee was impressed by the stringent financial difficulties in which the Bureau now finds itself, and considered that Members of the Interim Commission would feel that they had a substantial interest in the carrying on of the Bureau’s work without interruption. At the same time, the Sub-Committee felt that it would not be appropriate for one body to make detailed recommendations regarding the internal affairs of another. The Sub-Committee did, however, feel that it would be appropriate for the Executive Committee to give moral support to the efforts made by the Bureau, with the assistance of the Belgian Ministry of Foreign Affairs, to collect contributions to the Bureau which are in arrears, and possibly to seek additional voluntary contributions for the Bureau.*

Accordingly, the Sub-Committee recommends the following Resolution for consideration by the Executive Committee.

* The representative of Czechoslovakia expressed the view that it was inappropriate for the Executive Committee to make recommendations to governments regarding their participation in other inter-governmental organizations.
DRAFT RESOLUTION
OF THE EXECUTIVE COMMITTEE OF THE INTERIM
COMMISSION FOR THE INTERNATIONAL
TRADE ORGANIZATION
REGARDING FINANCIAL ASSISTANCE TO THE
INTERNATIONAL CUSTOMS TARIFF BUREAU
AT BRUSSELS

THE EXECUTIVE COMMITTEE OF THE INTERIM
COMMISSION FOR THE INTERNATIONAL TRADE ORGANIZATION

CONSIDERING the importance of the work which has long been and is still being performed by the International Customs Tariff Bureau at Brussels in translating and publishing the customs tariffs of all the countries of the world, and

CONSIDERING the immediate financial difficulties confronting the Bureau, which have seriously impaired its ability to translate and publish these customs tariffs; and

CONSIDERING that, although it has instructed the Executive Secretary to enter into consultations with the appropriate authorities of the Bureau with a view to presenting to the first Conference of the International Trade Organization proposals for bringing the Bureau within the budget of the International Trade Organization, nevertheless such financial assistance as this may ultimately provide to the Bureau will not relieve the Bureau's present difficulties; and
CONSIDERING that the efficiency of the Bureau should be maintained on as high a level as possible until such a time as the relationship between the Bureau and the International Trade Organization may be determined and brought into effect; and

CONSIDERING that the Belgian Ministry of Foreign Affairs is charged under the 1891 Convention with the adoption of the measures necessary for the organization and operation of the Bureau;

RECOMMENDS to Governments Members of the Interim Commission that they give the most careful consideration to any appeal which may be made by the Belgian Ministry of Foreign Affairs on behalf of the Bureau, for the purpose of obtaining payment of the contributions due to the Bureau, or to other suggestions which the Ministry may make with a view to relieving the present financial difficulties of the Bureau.
VII. Relationships with Non-Governmental Organizations

The Sub-Committee submit the following proposals as a basis for the recommendations to be submitted by the Interim Commission to the first Annual Conference. The Sub-Committee feel that in general no explanation of their proposals is required as they are self-explanatory. The Sub-Committee does, however, wish to record the view that the most fruitful field of collaboration will be the consultation referred to in paragraph 4 (b). Such consultation will enable the Organization to benefit from the technical knowledge and experience of the consultant organizations, and the latter to make a constructive contribution to the technical work of the Organization.

(1) The ITO shall take full advantage of the knowledge and experience of non-governmental organizations engaged in work within its purview.

(2) To this end, arrangements shall be made for including appropriate non-governmental organizations in a list of consultants to the ITO.

(3) The Conference of the Organization shall accordingly adopt a list of "consultant organizations" on the recommendation of the Executive Board. Whilst such "consultant organizations" shall be chosen in the first instance from the Economic and Social Council list of Organizations to which it has accorded consultative status, the Executive Board shall include in its recommendations any other organizations which have special competence in the field of the ITO. In considering the inclusion of such additional organizations, the Executive Board shall consult as necessary with the
Economic and Social Council.

NOTE: In making this recommendation, the Sub-Committee had particularly in mind the practice of the Economic and Social Council in excluding from its list non-governmental organizations of a highly specialized character on the ground that it is more appropriate for these organizations to enter into arrangements with the Specialized Agencies. The suggestion for consultation with the Economic and Social Council is to facilitate conformity with the policies of the United Nations.

(4) Consultative organizations shall have the following facilities and responsibilities:

(a) attendance at meetings of, or arranged by, the Organization.

Consultative organizations shall be invited to be represented by observers at the Annual Conferences. Wherever matters or suggestions have been submitted to the Conference by a consultative organization in accordance with the arrangements set out in paragraph (c) below and are under discussion by the Conference, the representative of the organization concerned may make a statement or statements to the Conference. On other occasions, representatives of consultative organizations may speak at the discretion of the Chairman of the meeting on a matter as to which the Organization has a special concern or competence.

At other meetings held by or under the aegis of the Organization, attendance of representatives of consultative organizations shall be
determined in accordance with the requirements of effective consultation as provided for in paragraph (b) below.

(b) Consultation with the Organization other than through the Conference

Where specific projects are entrusted to subsidiary bodies of the Organization or to the Director-General, there shall be consultation with the consultant organization or organizations competent in the field of such projects. In the first instance, such consultations shall be undertaken by the Director-General in preparing the documentation for the subsidiary body concerned. Such subsidiary body may, however, consult directly with the consultant organization concerned.

(c) Documents submitted by, and to be furnished to, consultant organizations

Consultant organizations shall receive all unrestricted conference documents and such other documents as are necessary for effective consultation as provided for in paragraph (b) above. Documents submitted to the Organization by consultant organizations shall be distributed at the discretion of the Director-General. The Director-General shall also circulate a list of all communications received from consultant organizations and any document so listed shall receive full distribution at the request of any Member government.
(5) The Director-General shall refer to the Executive Board any difference of view between himself and any consultant organization regarding the interpretation or implementation of these arrangements.

(6) These arrangements shall be reviewed from time to time and in such review, the views of the consultant organizations shall be given full consideration.

As regards the first Annual Conference the Sub-Committee recommend that the Executive Committee, as part of the arrangements for convening the Conference, approve a list of non-governmental organizations to be invited to that conference.

SECTION 2

Budget Estimates for the Interim Commission for the period 1 October 1948 to 31 December 1949.

The Sub-Committee were informed by the Secretariat that it had been necessary to make budget forecasts for the whole of this period in order to comply with a request from the Advisory Committee of the General Assembly. The estimates had to take account of a number of uncertain factors, and to be adequate to cover the needs of the Interim Commission so far as they could be foreseen at this date, including provision for such secretariat services as the Executive Committee might agree to furnish to the Contracting Parties to the General Agreement on Tariffs and Trade on a reimbursable basis.

The budget estimates had been scaled down as far as had been thought to be safe in relation to the forecast of the work to be undertaken. It might be possible in practice to reduce expenditure below the levels indicated, and the Secretariat would make every effort in this direction.
The Sub-Committee felt that the estimates for common services were very high. They were informed that the estimates had been based on the United Nations scale of charges for such services provided to specialized agencies. The basis of charges to the Interim Commission had not yet been settled and discussions on this subject were pending. In these discussions the Secretariat intended to request reductions in certain charges and the sub-Committee recommend that the efforts of the Secretariat in this direction receive the support of the Executive Committee.

The Sub-Committee considered and rejected a suggestion by the Executive Secretary that that post be reclassified to be equivalent to that of a director, rather than a top-ranking director of the United Nations. As regards the other personnel the Sub-Committee noted that the present staff fell below the establishment approved by the Executive Committee in Havana in that only two Advisors out of three authorized, and three Research Assistants out of four, were at present employed. The Sub-Committee considered that the personnel budget was reasonable having regard to the nature of the work at present envisaged.

The Sub-Committee therefore recommend for approval by the Executive Committee the budget estimates attached as Annex B to this report. These estimates differ from the estimates submitted to the Sub-Committee by the deletion of the estimates for the last quarter of 1948 of the item for Travel and Removal Expenditure of Staff.
Members and Dependents ($3000) and in showing the amount deductible from the estimates in respect of services to be rendered to the Contracting Parties ($76,000).

The Sub-Committee also recommend that the Executive Committee instruct the Executive Secretary to make arrangements for the auditing of the accounts of the Interim Commission.

SECTION 3

Draft Finance and Staff Regulations for the International Trade Organization

On the basis of the Report of a Working Party established to examine the finance and staff regulations, the Sub-Committee submit the following recommendations. A draft of the regulations amended in accordance with the Sub-Committee's recommendations is attached as Annex C to this Report.

The Sub-Committee recommend the acceptance of the general principle of adapting provisionally the finance and staff regulations of the United Nations to the circumstances of the ITO, introducing as few amendments as possible. The Sub-Committee make the following recommendations regarding the draft provided by the Executive Secretary (document ICITO/EC.2/10):
Finance Regulations

Regulation 3 should be amended to read:

"The financial year shall be the calendar year
1st January - 31st December."

Regulations 6 and 7. Although the question of the
detailed financial machinery for the Organisation was
not wholly within the terms of reference of the Sub-
Committee and would, of course, be the subject of
debate and resolution at the first Session of the
Conference, it seemed to the Sub-Committee desirable
to indicate an approach to the problem. The Sub-
Committee has, therefore, assumed that the Conference
will approve the establishment of an Advisory Committee,
similar to that established by the United Nations of a
limited number of independent persons meeting fairly
frequently -

(a) to examine budget estimates.
(b) to authorise such transfers between Budget
sections or advances from the Working Capital
Fund as are beyond the competence of the
Director General,
(c) to advise the Conference, the Executive Board
and the Director General, upon such admini-
strative and financial questions as may be
referred to it.
(d) to examine the auditors' reports.

In the light of this principle Regulations 6 and 7
should be amended as follows (and consequential amend-
ments should be made where necessary elsewhere in the
Regulations):-
"Regulation 6 - The estimates shall be submitted to the Advisory Committee on Administration and Finance (hereinafter referred to as the Advisory Committee) at least 12 weeks prior to the opening of the annual Session of the Conference. They shall be examined by the Advisory Committee which shall prepare a report thereon. The estimates together with the Committee's report shall be transmitted to all members at least 5 weeks prior to the opening of the regular annual Session of the Conference.

Regulation 7 - The estimates and the reports of the Advisory Committee thereon shall be submitted to the Conference and referred to the proper committee for consideration and report to the Conference."

Regulation 8 It is the understanding of the Subcommittee that in accordance with the provisions of Article 77 of the Charter the budget will be debated and appropriations voted by the Conference.

Regulation 12 It is assumed that a Working Capital Fund will be established by a resolution of the Conference.

Regulation 17 Amend second sentence to read:
"The Director General may at his discretion lay down conditions under which member governments may pay part of their contributions in other currencies to the extent that the approved budget requires expenditures in those currencies."

Regulation 30 The Sub-Committee accepts the proposal
in the footnote to Regulation 30 that it is desirable to make use of the U.N. Board of Auditors if available. They consider that in addition to carrying out the annual audit, it would be desirable that the Board should be able to advise the Director General on such matters as he may refer to them from time to time. It is recommended, therefore, that Regulation 30 should be amended to read:

"For the purpose of making annually, and at such times as may be necessary for special purposes, an independent audit of the funds assets and accounts of the Organisation, the Organisation shall so far as possible make use of the Board of External Auditors of the Accounts of the United Nations. The procedures governing the audit shall be determined by a resolution of the Conference."

(The auditing experience of the U.N. has been utilised to form the basis of a draft resolution on auditing procedures under this Regulation - Annex D).

Regulation 32 For "Executive Board" read "Advisory Committee".

Staff Regulations

Regulation 2 The Sub-Committee considers that the text of the United Nations oath of acceptance should not be modified as suggested in the footnote to this Regulation.

Regulation 5 Amend second sentence to read:

"They shall not communicate to any person any unpublished information known to them by reason of
their official position except as their duties may require or by authorisation of the Director General."

Regulation 7 The form of the U.N. text is preferred to that of the draft.

Regulation 12 The Sub-Committee interprets the second paragraph as in no way implying that individual probationers should receive special treatment.

Regulation 15 The Sub-Committee interprets this as relating to general questions affecting conditions of service and in itself implying no obligation on the Director General to discuss the private problems of individuals.

Regulation 16 The Sub-Committee considers that no recommendation regarding scales of allowances should be made until the question has been considered fully by the Conference. They suggest amendment of the last words of the sentence to read:

"who shall follow in principle the scales of remuneration of the United Nations".

Regulation 22 The Sub-Committee considers that a maximum indemnity payable upon termination of employment should be fixed, and recommend that the Regulation should be amended to conform with the equivalent U.N. Regulation.

Regulation 26 The Sub-Committee recommends that the Organisation should be affiliated with the U.N. Pension Scheme if it is adopted at the forthcoming General Assembly in Paris. It suggests that these be included in the Draft Regulations the following alternative draft for Regulation 26:-
"The Organisation shall be affiliated with the Permanent Retirement Scheme of the United Nations and shall apply the provisions laid down thereby".

**Regulation 28**  
Some members of the Sub-Committee considered that Regulation 28 should be deleted since the matter is academic in the absence of the establishment of a tribunal by the U.N. Others considered that the Article should be retained in the Draft in order to draw the attention of the Conference to it.

**Regulation 29**  
Delete "without prejudice to the acquired rights of members of the staff", and substitute the following:

"provided that due regard shall be paid to the rights of members of the staff".

**Regulation 30**  
Amend to read:

"The Director General shall inform the Advisory Committee of such staff rules and amendments thereto as he may make to implement these Regulations. Whenever it considers this necessary, the Advisory Committee shall draw the attention of the Conference to them."

**Children's allowances and education grants**  
The Sub-Committee agree that it is unnecessary at this stage to make detailed provisions for these in the text of the ITO Staff Regulations (see Regulation 16).
Draft Agreements modified in accordance with the Sub-committee's recommendations.

I

United Nations

Article 57 of the Charter of the United Nations (hereinafter called the Charter) provides that specialized agencies, established by inter-governmental agreement and having wide international responsibilities as defined in their basic instruments in economic, social, cultural, educational, health and related fields, shall be brought into relationship with the United Nations.

Article 86 of the Havana Charter provides that the International Trade Organization (hereinafter called the Organization) shall be brought into relationship with the United Nations as one of the specialized agencies referred to in Article 57 of the Charter.

Therefore the United Nations and the Organization agree as follows:

ARTICLE I

1. The United Nations recognizes the Organization as a specialized agency and as being responsible for taking such action as may be appropriate under its basic instrument for the accomplishment of the purposes set forth therein.

2. The United Nations recognizes that certain of the functions now performed by the subsidiary organs of the Economic and Social Council under the supervision of the Economic and Social Council coincide to some
extent with the functions of the Organization under its Charter. Consultation shall therefore take place as soon as possible between the United Nations and the Organization in order to ensure that the allocation of functions between the Organization and the subsidiary organs of the Economic and Social Council shall be consistent with the provisions of paragraph 1 of this Article.

**ARTICLE II**

Reciprocal Representation

1. The United Nations shall be invited to send representatives to attend the meetings of the Conference of the Organization, the Executive Board, the Commissions and Committees, and such general, regional or other special meetings as the Organization may convene, and to participate, without the right to vote, in the deliberations of these bodies.

2. The Organization shall be invited to send representatives to attend the sessions of the Economic and Social Council and of its commissions and committees, and to participate, without the right to vote, in the deliberations of these bodies with respect to items on their agenda relating to matters within the scope of its activities.

3. The Organization shall be invited to send representatives to attend meetings of the General Assembly for purposes of consultation on matters within the scope of its activities.

4. The Organization shall be invited to send representatives to attend meetings of the main committees of the General Assembly when matters within the scope of its activities are under discussion and to participate, without the right to vote, in such discussions.
5. The Organization shall be invited to attend the meetings of the Trusteeship Council and to participate, without the right to vote, in the deliberations thereof with respect to items on the agenda relating to matters within the scope of its activities.

6. Written statements of the Organization shall be distributed by the Secretary-General of the United Nations (hereinafter referred to as the Secretary-General) to the Members of the General Assembly, the members of the Economic and Social Council and its commissions or the members of the Trusteeship Council as appropriate. Similarly written statements presented by the United Nations shall be distributed by the Director-General of the Organization (hereinafter referred to as the Director-General) to the Members of the Organization.

ARTICLE II (a)

Safeguards for confidential information

1. The United Nations and the Organization are subject to certain necessary limitations for the safeguarding of confidential information furnished to them by their Members or others. Moreover, the Havana Charter lays special emphasis on the highly confidential nature of certain consultations to be undertaken by or through the Organization.

2. Accordingly, nothing contained in this Agreement shall be construed

(a) to require either of them to make available any information the furnishing of which would in its judgment constitute a violation of the confidence of any of its Members or any other source from which such information shall have been received, or which would otherwise interfere with the orderly conduct of its operations, or
(b) to give either of them the right to attend meetings held by the other at which attendance is restricted because of the confidential character of the matters to be discussed.

ARTICLE III
Proposal of Agenda Items

Subject to such preliminary consultation as may be necessary, the Organization shall include on the agenda of the Conference, Executive Board and the Commissions, items proposed to it by the United Nations. Similarly the Economic and Social Council and its commissions and the Trusteeship Council shall include on their agenda items proposed by the Conference or Executive Board of the Organization.

ARTICLE IV
Recommendations of the United Nations

1. The Organization having regard to the obligation of the United Nations to promote the objectives set forth in Article 55 of the Charter and the functions and powers of the Economic and Social Council under Article 62 of the Charter to make or initiate studies and reports with respect to international economic, social, cultural, educational, health and related matters and to make recommendations concerning these matters to the specialized agencies concerned, and having regard also to the responsibility of the United Nations, under Articles 58 and 63 of the Charter, to make recommendations for the co-ordination of the policies and activities of such specialized agencies, agrees to arrange for the submission,
as soon as possible, to the Conference, the Executive Board, or other appropriate organ of the Organization, of all formal recommendations which the United Nations may make to it.

2. The Organization agrees to enter into consultation with the United Nations, upon request, with respect to such recommendations and in due course to report to the United Nations the results of its consideration of such recommendations, including any action taken by the Organization or by its Members as a consequence thereof.

ARTICLE V
General Co-ordination

The Organization affirms its intention of co-operating in whatever further measures may be necessary to make co-ordination of the activities of specialised agencies and those of the United Nations fully effective. In particular, it agrees to participate in, and to co-operate with any bodies which the Economic and Social Council has established or may establish for the purpose of facilitating such co-ordination and to furnish such information as may be required for the carrying out of this purpose.

ARTICLE VI
Public Information

Having regard to the fact that it is essential for the success of the Organization to enlist the support of an informed public opinion, the Organization agrees that it will collaborate to the fullest extent practicable with the machinery of the United Nations for this purpose.
ARTICLE VII

Exchange of Information and Documents

1. The fullest and promptest exchange of information and documents shall be made by the United Nations and the Organization.

2. Without prejudice to the generality of the provisions of paragraph 1:
   (a) the Organization agrees to transmit to the United Nations regular reports on the activities of the Organization and insofar as practicable an account of its proposed activities and work programmes.
   (b) the Organization agrees to comply to the fullest extent practicable with any request which the United Nations may make for the furnishing of special reports, studies or information, subject to the conditions set forth in Article XVII; and
   (c) the Secretary-General shall, upon request, consult with the Director-General regarding the provision to the Organization of such information as may be of special interest to the Organization.

ARTICLE VIII

Assistance to the Security Council

The Organization agrees to co-operate with the Economic and Social Council in furnishing such information and rendering such assistance to the Security Council as that Council may request, including assistance in carrying out decisions of the Security Council for the maintenance or restoration of international peace and security.
ARTICLE IX
Assistance to the Trusteeship Council
The Organization agrees to co-operate with the Trusteeship Council in the carrying out of the functions of that Council, and in particular agrees that it will, to the greatest extent possible, render such assistance as the Trusteeship Council may request, in regard to matters with which the Organization is concerned.

ARTICLE X
Non-Self-Governing Territories
The Organization agrees to co-operate with the United Nations in giving effect to the principles and obligations set forth in Chapter XI of the Charter with regard to matters affecting the well-being and development of the peoples of non-self-governing territories.

ARTICLE XI
Relations with the International Court of Justice
1. The Organization agrees to furnish any information which may be requested by the International Court of Justice in pursuance of Article 34 of the Statute of the Court.
2. The General Assembly authorizes the Organization to request advisory opinions of the International Court of Justice on legal questions arising within the scope of its activities other than questions concerning the mutual relationships of the Organization and the United Nations or other specialized agencies.
3. When requesting the International Court of Justice to give an advisory opinion, the Organization shall inform the Economic and Social Council of the request.
ARTICLE XII

Headquarters and Regional Offices

1. The Organization agrees to consult with the United Nations before making any decision concerning the location of its permanent headquarters.

2. In order that any regional or branch offices which the Organization may establish shall, so far as practicable, be closely associated with such regional or branch offices as the United Nations and other specialized agencies have or may establish, the Organization agrees to consult with the Administrative Committee on Co-ordination.

ARTICLE XIII

Personnel Arrangements

1. The United Nations and the Organization recognize that the eventual development of a single unified international civil service is desirable from the standpoint of effective administrative co-ordination, and, with this end in view, agree to develop common personnel standards, methods and arrangements designed to avoid serious discrepancies in terms and conditions of employment, to avoid competition in recruitment of personnel, and to facilitate interchange of personnel in order to obtain the maximum benefit from their services.

2. The United Nations and the Organization agree to co-operate to the fullest extent possible in achieving these ends and in particular they agree to:

   (a) participate in the International Civil Service Advisory Board established for the purpose of contributing to the improvement of recruitment and related phases of personnel administration in all of the participating international organizations;
(b) consult together concerning other matters relating to the employment of their officers and staff, including conditions of service, duration of appointments, classification, salary scales and allowances, retirement and pension rights and staff regulations and rules with a view to securing as much uniformity in these matters as shall be found practicable;

(c) co-operate in the interchange of personnel, when desirable, on a temporary or permanent basis, making due provision for the retention of seniority and pension rights.

(d) co-operate in the establishment and operation of suitable machinery for the settlement of disputes arising in connection with the employment of personnel and related matters.

ARTICLE XIV
Statistical Services

1. The United Nations and the Organization agree to strive for maximum co-operation, the elimination of all undesirable duplication between them, and the most efficient use of their technical personnel in their respective collection, analysis, publication and dissemination of statistical information. They agree to combine their efforts to secure the greatest possible usefulness and utilization of statistical information and to minimize the burdens placed upon national governments and other organizations from which such information may be collected.

2. The Organization recognizes the United Nations as the central agency for the collection, analysis, publication, standardization and improvement of statistics serving the general purposes of international organizations.
3. The United Nations recognizes the Organization as the appropriate agency for the collection, analysis, publication, standardization and improvement of statistics within its special sphere, without prejudice to the right of the United Nations to concern itself with such statistics so far as they may be essential for its own purposes or for the improvement of statistics throughout the world.

4. The United Nations shall, in consultation with the specialized agencies, develop administrative instruments and procedures through which effective statistical co-operation may be secured between the United Nations and the agencies brought into relationship with it.

5. It is recognized as desirable that the collection of statistical information should not be duplicated by the United Nations or any of the specialized agencies whenever it is practicable for any of them to utilize information or materials which another may have available.

6. In order to build up a central collection of statistical information for general use, it is agreed that data supplied to the Organization for incorporation in its basic statistical series or special reports should, so far as applicable, be made available to the United Nations.

ARTICLE XV

Administrative and Technical Services

1. The United Nations and the Organization recognize the desirability, in the interest of administrative and technical uniformity, and of the most efficient use of personnel and resources, of avoiding, whenever possible, the establishment and operation of competitive or overlapping facilities and services among the United Nations and the specialized agencies.
2. Accordingly, the United Nations and the Organization agree to consult together concerning the establishment and use of common administrative and technical services and facilities in addition to those referred to in Articles XIII, XIV and XVI, insofar as the establishment and use of such services may from time to time be found practicable and appropriate.

3. Arrangements shall be made between the United Nations and the Organization in regard to the registration and deposit of official documents.

4. The officials of the Organization shall have the right to use the laissez-passer of the United Nations in accordance with special arrangements to be negotiated between the Secretary-General and the Director-General.

ARTICLE XVI
Budgetary and Financial Arrangements

1. The Organization recognizes the desirability of establishing close budgetary and financial relationships with the United Nations in order that the administrative operations of the United Nations and of the specialized agencies shall be carried out in the most efficient and economical manner possible, and that the maximum measure of co-ordination and uniformity with respect to these operations shall be secured.

2. The United Nations and the Organization agree to co-operate to the fullest extent possible in achieving the purposes of paragraph 1 of this Article. Accordingly the following arrangements shall govern budgetary and financial relationships between the United Nations and the Organization:
(a) in the preparation of budgetary estimates of the Organization the Director-General shall consult with the Secretary-General with a view to achieving, insofar as practicable, uniformity in the presentation of the budgets of the United Nations and of the specialized agencies for the purpose of providing a basis for comparison of the several budgets;

(b) the Organization agrees to transmit its budget or proposed budgetary estimates to the United Nations by 1 July or such other date as may be agreed upon by the United Nations and the Organization. The General Assembly shall examine the budget or proposed budget of the Organization and may make recommendations to it concerning any item or items contained therein;

(c) representatives of the Organization shall be entitled to participate, without the right to vote, in the deliberations of the General Assembly or any committee thereof or established by it at all times when the budget of the Organization or general administrative or financial questions affecting the Organization are under consideration;

(d) the United Nations may undertake the collection of contributions from those members of the Organization which are also Members of the United Nations in accordance with such arrangements as may be defined by a later agreement between the United Nations and the Organization;

(e) the United Nations shall, upon its own initiative or upon the request of the Organization, arrange for studies to be undertaken concerning other financial and fiscal questions of interest to the Organization and to other specialized agencies with a view to the provision of common services and the securing of uniformity in such matters.
(f) the Organization agrees to conform as far as may be practicable to standard practices and forms recommended by the United Nations.

3. The Organization agrees to consult upon request with the United Nations regarding the desirability and feasibility of including the budget of the Organization within a general budget of the United Nations, and agrees to consult at the appropriate time with the United Nations concerning suitable arrangements for inclusion of the budget of ITO within such a general budget.

**ARTICLE XVII**

Financing of Special Services

1. In the event of the Organization being faced with the necessity of incurring substantial extra expense as a result of any request which the United Nations may make for special reports, studies or assistance in accordance with Articles V, VI or VII or with other provisions of this agreement, consultation shall take place with a view to determining the most equitable manner in which such expense shall be borne,

2. Consultation between the United Nations and the Organization shall similarly take place with a view to making such arrangements as may be found equitable for covering the costs of central administrative, technical or fiscal services or facilities or other special assistance provided by the United Nations.

**ARTICLE XVIII**

Inter-agency Agreements

The Organization agrees to inform the Economic and Social Council of the nature and scope of any formal agreement contemplated and to notify the Council of the
conclusion of any formal agreement between the Organization and any other specialized agencies, inter-governmental organization or non-governmental organizations.

**ARTICLE XIX**

Liaison

1. The United Nations and the Organization agree to the foregoing provisions in the belief that they will contribute to the maintenance of effective liaison between the two organizations. They affirm their intention of taking whatever further measures may be necessary to make this liaison fully effective.

2. The liaison arrangements provided for in the foregoing articles of this agreement shall apply as far as appropriate to the relations between such branch or regional offices as may be established by the two organizations as well as between their central offices.

**ARTICLE XX**

Implementation of the Agreement

The Secretary-General and the Director-General may enter into such supplementary arrangements for the implementation of this Agreement as may be found desirable.

**ARTICLE XXI**

Revision

This Agreement shall be subject to revision by agreement between the United Nations and the Organization.

**ARTICLE XXII**

Entry into Force

This agreement shall come into force on its approval by the General Assembly of the United Nations and the Conference of the Organization.
II

International Monetary Fund

The International Monetary Fund, pursuant to Article X of its Articles of Agreement, and the International Trade Organization, pursuant to Articles 24 and 87 of the Havana Charter,

In view of the objectives set forth in Article 24, paragraph 1, of the Havana Charter,

Have agreed as follows:

ARTICLE I

General

The IMF shall co-operate with the ITO in the application of the various provisions of the Havana Charter in accordance with the terms thereof. The Fund and the ITO shall seek to pursue a co-ordinated policy with regard to exchange questions within the jurisdiction of the Fund and questions of quantitative restrictions and other trade measures within the jurisdiction of the ITO. In order to achieve such a coordinated policy, the Fund and the ITO shall co-operate in accordance with the arrangements set forth in the following Articles.

ARTICLE II

Consultation

1. Each organization shall, at the request of the other, consult on the matters specifically referred to in the Havana Charter and on other matters agreed to be of mutual interest.

2. Either organization may initiate a consultation with the other by giving notice thereof to the other organization and supplying the other organization either at that time or as soon thereafter as possible with all relevant information.
3. Each consultation shall be held as promptly as possible in the light of whatever advance preparation may be required in view of the nature of the question. Where the matter involved is urgent, such as one arising under Article 21, paragraph 5 (a) of the Havana Charter, or a change in par value under a special exchange agreement, or any other equally urgent matter, the two organizations undertake to give high priority to the commencement and conclusion of the consultation. At the close of each consultation, the organization consulted shall furnish a report of the conclusions.

4. For purposes of consultation, the ITO and the Fund may by agreement establish Joint Committees.

5. Whenever the situation under review calls for findings or determinations to be made by the Fund pursuant to Article 24, paragraph 2, of the Havana Charter, the Fund shall communicate such findings or determinations to the Organization in writing.

6. In pursuance of Article 24 of the Havana Charter, the Organization shall consult the Fund on the preparation and conclusion of a special exchange agreement between the Organization and a Member who is not a member of the Fund, and the Fund shall advise and consult with the Organization on questions arising out of the operation of such an Agreement.

ARTICLE VII

Annual Reports on discriminatory Quantitative Restrictions

The Fund shall assist and advise the ITO in the preparation by it of the reports referred to in paragraph 1(g) of Article 23 of the Havana Charter. So far as possible, these reports shall be coordinated with the reports required under Article XIV, Section 4, of the Articles of Agreement of the Fund.
ARTICLE IV

Customs Valuation

In accordance with Article 35 of the Havana Charter, the Fund and the ITO will formulate rules governing the conversion by Members of the ITO of currencies of countries which maintain multiple rates of exchange consistently with the Articles of Agreement of the Fund or with special exchange agreements, when such conversion is necessary to determine the value of products subject to customs duties or other charges. Such rules shall be subject to revision by agreement between the two organizations.

ARTICLE V

Reciprocal Representation and Liaison

1. Representatives of the Fund may attend, and participate without vote in, meetings of the Conference of the ITO.
2. Representatives of the ITO may attend, and participate without vote in, meetings of the Board of Governors of the Fund.
3. Appropriate arrangements shall be made by agreement from time to time for the reciprocal representation of the two organizations at other meetings convened under their auspices which consider matters in which the other organization has an interest.
4. The ITO and the Fund shall make administrative arrangements to achieve close collaboration and liaison between the staffs of the two organizations. Each organization will establish such administrative machinery as may be necessary to make such collaboration and liaison effective.
ARTICLE VI

Formal Recommendations

Each organization undertakes not to present any formal recommendation to the other, particularly under Article 77, paragraph 5, or Article 81, paragraph 2, of the Charter, without reasonable prior consultation with regard thereto, unless the recommendation is made in response to a request from the organization to which it is directed.

ARTICLE VII

Exchange of Information and Statistical Services

1. Subject to paragraph 1 of Article VIII of this Agreement, the ITO and the Fund shall, to the fullest extent practicable, arrange for the current exchange of information and publications of mutual interest, and the furnishing of special reports and studies upon request.

2. All information furnished to the ITO pursuant to Article 24, paragraph 7, of the Havana Charter shall be made available to the Fund.

ARTICLE VIII

Miscellaneous

1. Any arrangements made for giving effect to the provisions of this Agreement relating to consultation and exchange of information shall pay due regard to the need to safeguard confidential information and to any special obligations in this respect of either organization.

2. The chief administrative officers of the Fund and ITO shall make such supplementary arrangements as are necessary or proper to carry fully into effect the provisions of this Agreement.
3. This Agreement may at any time be revised by agreement between ITO and the Fund.

4. This Agreement may be terminated by either party thereto on six months' written notice to the other party, and thereupon, unless otherwise agreed, all rights and obligations of both parties hereunder shall cease.

5. This Agreement shall come into force when it shall have been approved by the competent authorities of the ITO and Fund.

III

Food and Agriculture Organization

ARTICLE 1

Co-operation and Consultation

1. The Food and Agriculture Organization of the United Nations and the International Trade Organization agree that, with a view to facilitating the attainment of the objectives of the two specialized agencies of the United Nations and to the avoidance of unnecessary duplication in their activities, they will act in close co-operation with each other.

2. They will consult each other regularly in regard to matters of common interest. In particular, ITO will consult with FAO on food and agricultural aspects of ITO activities, and FAO will consult with ITO on aspects of FAO activities within the field of interest of ITO.

3. Such consultation may be undertaken through arrangements at the secretariat level, or through such joint committees as may be established by the two organizations composed of an equal number of persons designated by each organization.
The United Nations shall be invited to designate a representative to attend the meetings of such committees and copies of the documents of such committees shall be sent to the Secretary-General of the United Nations for information. Representatives of appropriate specialized agencies of the United Nations may also be invited to attend the meetings of such committees.

ARTICLE 2

Reciprocal Representation

1. Representatives of the Food and Agriculture Organization shall be invited to attend the meetings of the Conference of the International Trade Organization and to participate without vote in the deliberations of the Conference and of its Committees with respect to items on their agenda in which the Food and Agriculture Organization has an interest.

2. Representatives of the International Trade Organization shall be invited to attend the meetings of the Conference of the Food and Agriculture Organization and to participate without vote in the deliberations of the Conference and of its Commissions and Committees with respect to items on their agenda in which the International Trade Organization has an interest.

3. Representatives of the International Trade Organization may be invited to attend meetings of the Council of the Food and Agriculture Organization and likewise, representatives of the Food and Agriculture Organization may be invited to the meetings of the Executive Board of the International Trade Organization, and in either case to participate without vote with respect to items of common interest.
4. Representatives of the Food and Agriculture Organization shall be invited to attend meetings of any Commissions established under Article 82 of the Havana Charter, which may be considering matters of interest to FAO and may be entitled to participate without vote in the deliberations in respect to such items. Similarly, if FAO at any time establishes commissions or committees, representatives of ITO shall be invited to attend meetings in which it has an interest and may participate without vote in deliberations in respect of items of interest to it.

5. Appropriate arrangements shall be made by agreement from time to time for the reciprocal representation of the Food and Agriculture Organization and the International Trade Organization at other meetings convened under their respective auspices which consider matters in which the other Organization has an interest.

ARTICLE 3

Intergovernmental arrangements for agricultural Commodities

1. As FAO, in accordance with its Constitution and its Rules of Procedure, as amended by the 1947 Session of its Conference, has the function of undertaking in appropriate cases the promotion of action with respect to international policies on agricultural commodity arrangements:

   (a) FAO agrees to consult ITO on all matters in this field of common interest.

   (b) FAO shall invite ITO to be represented at meetings of FAO bodies held to consider commodity problems.
2. As ITO, in accordance with its Charter, has functions in relation to international arrangements regarding commodities, including agricultural commodities:
   (a) FAO is recognized by ITO to be competent within the meaning of Article 67 of the Havana Charter, and FAO shall, therefore, have the rights and responsibilities set out therein.
   (b) ITO shall invite FAO to appoint a non-voting representative to any Council set up under Article 64 of the ITO Charter and concerned with agricultural commodity arrangements.

3. Having regard to the special responsibilities of the ITO under the Havana Charter and to the exemptions from certain obligations therein for Members concluding commodity agreements in accordance with Chapter VI of the Charter, the FAO recognizes that the ITO is responsible for procedures and principles involved in such international commodity agreements. The ITO shall consult the FAO on all matter of common concern in this field.

ARTICLE 4

FAO/ITO Joint Projects
FAO and ITO shall co-operate, in consultation with the United Nations whenever appropriate, in any studies, surveys or activities which can be most advantageously undertaken on a joint basis, including
   (a) any studies on the relationship between world prices of primary agricultural commodities and manufactured products that may be undertaken in accordance with the functions of the ITO as set out in Article 72, paragraph 1 (d), of the Havana Charter; and
(b) whenever appropriate, activities directed to the facilitation and promotion of agricultural, industrial and general economic development

ARTICLE 5

Inter-Secretariat Relationships

The Directors-General of FAO and ITO shall, when appropriate, develop inter-secretariat consultations and joint working groups for the purpose of formulating and carrying out proposals for joint or parallel secretariat studies, or formulating proposals for reference to the governing bodies of the respective organizations.

ARTICLE 6

Exchange of Information and Documents

1. Subject to such arrangements as may be necessary for the safeguarding of confidential material, the fullest and promptest exchange of information and documents shall be made between the Food and Agriculture Organization and the International Trade Organization.

2. The Director-General of the Food and Agriculture Organization and the Director-General of the International Trade Organization, or their duly authorized representatives, shall, upon the request of either party, consult with each other regarding the provision by either Organization of such information as may be of interest to the other.

ARTICLE 7

Personnel Arrangements

The Food and Agriculture Organization and the International Trade Organizations agree that the measures to be taken by them, within the framework of the general arrangements for co-operation in regard to personnel arrangements to be made by the United Nations, will include:
(a) measures to avoid competition in the recruitment of their personnel; and
(b) measures to facilitate interchange of personnel on a temporary or permanent basis, in appropriate cases, in order to obtain the maximum benefit from their services, making due provision for the retention of seniority and pension rights.

ARTICLE 8

Statistical Services

1. The Food and Agriculture Organization and the International Trade Organization agree to strive, within the framework of the general arrangements for statistical co-operation made by the United Nations, for maximum co-operation with a view to the most efficient use of their technical personnel in their respective collection, analysis, publication, standardization, improvement and dissemination of statistical information. They recognize the desirability of avoiding duplication in the collection of statistical information whenever it is practicable for either of them to utilize information or materials which the other may have available or may be specially qualified and prepared to collect, and agree to combine their efforts to secure the greatest possible usefulness and utilization of statistical information and to minimize the burdens placed upon national governments and other organizations from which such information may be collected.

2. The Food and Agriculture Organization and the International Trade Organization agree to keep one another informed of their work in the field of statistics and to consult each other in regard to all statistical projects dealing with matters of common interest. In particular,
the organizations shall examine, in consultation as necessary with the Statistical Office of the United Nations, the desirability of submitting to governments in appropriate cases joint requests for statistical information.

ARTICLE 9

Financing of Special Services

If compliance with a request for assistance made by either Organization to the other would involve substantial expenditure for the Organization complying with the request, consultation shall take place with a view to determining the most equitable manner of meeting such expenditure.

ARTICLE 10

Implementation of the Agreement

The Director-General of the Food and Agriculture Organization and the Director-General of the International Trade Organization may enter into such supplementary arrangements for the implementation of this arrangement as may be found desirable in the light of the operating experience of the two Organizations.

ARTICLE 11

Entry into Force

This arrangement shall come into force on its approval by the Food and Agriculture Organization and the International Trade Organization.

ARTICLE 12

Notification to the United Nations

The Food and Agriculture Organization and the International Trade Organization will inform the Economic and Social Council of the terms of the present Memorandum.

ARTICLE 13

Revision and Termination

This arrangement shall be open to revision or termination provided that such action be approved by the Food and Agriculture Organization and the International Trade Organization.
IV

International Labour Organization

WHEREAS the Constitution of the International Labour Organization pledges the full co-operation of the International Labour Organization with such international bodies as may be entrusted with a share of the responsibility for securing the fuller and broader utilization of the world's productive resources necessary for the achievement of the objectives set forth in the Declaration of Philadelphia, including measures to expand production and consumption, to avoid severe economic fluctuations, to promote the economic and social advancement of the less developed regions of the world, to assure greater stability in world prices of primary products, and to promote a high and steady volume of international trade; and

WHEREAS the Charter for an International Trade Organization (a) provides that the International Trade Organization shall make arrangements with other inter-governmental organizations, which have related responsibilities, to provide for effective co-operation and the avoidance of unnecessary duplication in the activities of these organizations, (b) envisages the participation of the International Trade Organization in arrangements concerning employment and economic activity made or sponsored by the Economic and Social Council of the United Nations, including arrangements with appropriate inter-governmental organizations, and (c) specifies that in all matters relating to labour standards that may be referred to the International Trade Organization it shall consult and co-operate with the International Labour Organization.
THE INTERNATIONAL LABOUR ORGANIZATION AND THE INTERNATIONAL TRADE ORGANIZATION AGREE AS FOLLOWS:-

ARTICLE I
Co-operation and Consultation

The International Labour Organization and the International Trade Organization agree that, with a view to facilitating the effective attainment of the objectives set forth in the Constitution of the International Labour Organization and the Havana Charter within the general framework established by the Charter of the United Nations, they will act in close co-operation with each other and will consult each other regularly in regard to matters of common interest. Without prejudice to the generality of the foregoing, the two Organizations recognise the importance of their co-operating, within their respective spheres and consistently with the terms and purposes of their basic instruments, in concerted action to sustain employment, production and demand and to foster and assist industrial and general economic development, as well as the reconstruction of those countries whose economies have been devastated by the war.

ARTICLE II
Consultation upon Matters Relating to Labour Standards Referred to the International Trade Organization under Chapter VIII of the Havana Charter

Having regard to the provisions of paragraph 3 of Article 7 of the Havana Charter, the Director-General of the International Trade Organization shall notify the Director-General of the International Labour Office of any matter relating to labour standards that may be referred to the former Organization in accordance with the provisions of
Chapter VIII of the Havana Charter. The two Organizations shall thereupon consult together with a view to reaching agreement on the procedure to be followed in dealing with the matter.

ARTICLE III

International Commodity Agreements

Having regard to the provisions of Article 57 (b) and Article 62 (b) of the Havana Charter, the International Trade Organization recognises the International Labour Organization to be a competent inter-governmental organization within the meaning of Article 67 of the Havana Charter.

ARTICLE IV

Reciprocal Representation

1. Representatives of the International Trade Organization shall be invited to attend the meetings of the International Labour Conference and to participate without vote in the deliberations of the Conference and of its committees with respect to items on their agenda in which the International Trade Organization has an interest.

2. Representatives of the International Labour Organization shall be invited to attend the meetings of the Conference of the International Trade Organization and to participate without vote in the deliberations of the Conference and of its committees with respect to items on their agenda in which the International Labour Organization has an interest.

3. Representatives of the International Labour Organization shall be invited to attend the meetings of any commissions established by the International Trade Organization in pursuance of Article 82 of the Havana Charter to deal with matters concerning which the
International Labour Organization has special competence and to participate without vote in the deliberations upon such matters.

4. Appropriate arrangements shall be made by agreement from time to time for the reciprocal representation of the two Organizations at other meetings convened under their auspices which consider matters in which the other Organization has an interest.

ARTICLE V

Joint Committees

1. The two Organizations may refer to a joint committee established by agreement between them on any question of common interest which it may appear desirable to refer to such a committee.

2. The United Nations shall be invited to designate a representative to attend the meetings of any such joint committee.

3. The reports of any such joint committee shall be communicated to the Directors-General of the two Organizations for submission to the appropriate bodies of the Organizations.

4. Copies of the documents of any such joint committees shall be communicated to the Secretary-General of the United Nations for information.

5. Any such joint committee shall regulate its own procedure.

ARTICLE VI

Exchange of Information and Documents

Subject to such arrangements as may be necessary for the safeguarding of confidential material, the fullest and
promptest exchange of information and documents shall be made between the International Labour Organization and the International Trade Organization.

**ARTICLE VII**

**Personnel Arrangements**

The Director-General of the International Labour Office and the Director-General of the International Trade Organization shall take measures, within the framework of the general arrangements for co-operation in regard to personnel arrangements to be made by the United Nations, to avoid competition in the recruitment of their personnel, and to facilitate interchange of personnel on a temporary or permanent basis in appropriate cases, in order to obtain the maximum benefit from their services, making due provision for the retention of seniority and pension rights.

**ARTICLE VIII**

**Statistical Services**

1. The International Labour Organization and the International Trade Organization agree to strive, within the framework of the general arrangements for statistical co-operation made by the United Nations, for maximum co-operation with a view to the most efficient use of their technical personnel in their respective collection, analysis, publication, standardization, improvement and dissemination of statistical information. They recognize the desirability of avoiding duplication in the collection of statistical information whenever it is practicable for either of them to utilise information or materials which
the other may have available or may be specially qualified and prepared to collect, and agree to combine their efforts to secure the greatest possible usefulness and utilization of statistical information and to minimise the burdens placed upon national Governments and other organizations from which such information may be collected.

2. The International Labour Organization and the International Trade Organization agree to keep one another informed of their work in the field of statistics and to consult each other in regard to all statistical projects dealing with matters of common interest. In particular, the Organizations shall examine in consultation as necessary with the Statistical Office of the United Nations, the desirability of submitting to governments in appropriate cases joint requests for statistical information.

ARTICLE IX

Financing of Special Services

If compliance with a request for assistance made by either organization to the other would involve substantial expenditure for the organization complying with the request, consultation shall take place with a view to determining the most equitable manner of meeting such expenditure.

ARTICLE X

Implementation of the Agreement

1. The Director-General of the International Labour Office and the Director-General of the International Trade
Organization shall make administrative arrangements to ensure the closest possible collaboration and liaison between the staffs of the two Organizations.

2. The Director-General of the International Labour Office and the Director-General of the International Trade Organization may enter into such supplementary arrangements for the implementation of this Agreement as may be found desirable.

**ARTICLE XI**

**Revision and Termination**

1. This Agreement may be revised by agreement between the International Labour Organization and the International Trade Organization. It shall be reviewed as soon as possible after the expiry of three years from the date of its entry into force.

2. This Agreement may be terminated by either party on the thirty-first day of December of any year by written notice given to the other party not later than the thirtieth day of September of that year.

**ARTICLE XII**

This Agreement shall come into force upon its approval by the Governing Body of the International Labour Office and the International Trade Organization.
1. In the first instance, and subject to reconsideration in the light of experience, it should not be necessary for ITO and ICAO to enter into a formal agreement of relationships, it being understood that the two organizations will afford to each other the right to be represented at their annual conferences as well as at any other meetings at which matters of common interest are scheduled for discussion, and that they will exchange such of the documentation of each organization as would be of interest to the other. The working relationships of the two organizations could be adequately covered by a common understanding on the points set out in 2.

2. Articles 33, 36, and 53 of the Havana Charter are of interest to ICAO:

(1) Articles 33 and 36. The ITO has general responsibility for promoting "international agreement relating to the simplification of customs regulations concerning traffic in transit" (Article 33, para. 6) and for "the simplification and standardization of customs formalities and techniques" (Article 36, para. 4). Similar provisions are contained in the International Civil Aviation Convention with specific reference to aviation in Articles 22 and 23; it is recognized that the administration of customs formalities in connection with the movement of aircraft presents a special problem because of the
speed of this mode of transport. The "facilitation program" of ICAO in implementation of Articles 22 and 23 of the International Civil Aviation Convention is therefore in conformity with the general objectives of the ITO as described in Articles 33 and 36. ITO will request ICAO's participation and will take into account the work of ICAO in this field, in the preparation of recommendations on customs formalities insofar as these relate to the carriage of goods by air. ICAO will likewise request ITO's participation in the formulation of any recommendations affecting the matters covered in Articles 33 and 36 of the Havana Charter that may be drawn up by ICAO in accordance with Articles 22 and 23 of the International Civil Aviation Convention. ICAO, in the formulation of any such recommendations, shall take account of any general recommendations formulated by ITO in carrying out its responsibilities under Articles 33 and 36 of the Havana Charter.

(ii) Article 53, para. 3. In the event that under Article 53, para. 3 of the Havana Charter, there is referred to ITO a matter affecting civil aviation, ITO will confer with ICAO in determining whether ICAO is "the appropriate intergovernmental organization" to which the matter should be transferred. In the event
that the matter is so transferred, ICAO will take due account of such observations as ITO may make in accordance with Article 53, para. 3, and will afford ITO an opportunity to participate in the investigation of the matter by ICAO.

3. Articles of the Havana Charter other than those cited above may raise problems of common interest, although these cannot at present be foreseen. ITO will consult with ICAO if such problems should arise. Likewise, ICAO will consult with ITO if in carrying out its responsibilities under the International Civil Aviation Convention ICAO is concerned with problems of interest to ITO.
ANNEX B

BUDGET ESTIMATES FOR 1948 AND 1949

Budget estimate for 1948:

The figures for the period April-July 1948 are based as far as possible on actual expenditure during that period; in view of the fact that no definite arrangement has been yet arrived at with the United Nations as to the basis for reimbursement of common services, a certain number of items are estimates based on the list of charges contained in the draft memorandum of agreement reproduced in the Annex attached hereto. The figures for August to December 31 are estimated expenditures.

Budget estimate for 1949:

Budget estimates for 1949 incorporate the estimated expenditure connected with secretariat services to be furnished to the Contracting Parties on a reimbursable basis. It has not been possible to make separate detailed estimates for all items in connection with the Contracting Parties. A lump sum including identifiable items and other calculated on a percentage basis appears as reimbursable by the Contracting Parties and therefore deductible from the total estimated liabilities of the Interim Commission.

Separate accounts will be kept in respect of services rendered to the Contracting Parties and these accounts will be used as a basis for claiming reimbursement.
**BUDGET ESTIMATES 1948**

**Estimates for the period April - July 1948**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established posts</td>
<td>$22,413.</td>
</tr>
<tr>
<td>Other expenses for personnel</td>
<td>3,360.</td>
</tr>
<tr>
<td>Experts and consultants</td>
<td>1,000.</td>
</tr>
<tr>
<td>Temporary assistance</td>
<td></td>
</tr>
<tr>
<td>Travel and Removal Expenditure of Staff Members and Dependents</td>
<td>20,000.</td>
</tr>
<tr>
<td>Travel and Official Business</td>
<td>500.</td>
</tr>
<tr>
<td>Cables, Telegraph, Wireless Communications and Long Distance Telephone</td>
<td>500.</td>
</tr>
<tr>
<td>Printing</td>
<td>3,500.</td>
</tr>
<tr>
<td>Air Freight</td>
<td></td>
</tr>
<tr>
<td>Freight, Cartage and Express</td>
<td>3,000.</td>
</tr>
<tr>
<td>Hospitality</td>
<td>150.</td>
</tr>
<tr>
<td>Common Services</td>
<td>10,000.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>64,423.</td>
</tr>
</tbody>
</table>

**August-September 1948**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established Posts</td>
<td>18,398.</td>
</tr>
<tr>
<td>Other expenses for personnel</td>
<td>2,758.</td>
</tr>
<tr>
<td>Experts and consultants</td>
<td>400.</td>
</tr>
<tr>
<td>Temporary Assistance</td>
<td>1,200.</td>
</tr>
<tr>
<td>Overtime</td>
<td>200.</td>
</tr>
<tr>
<td>Travel and Removal Expenditure of Staff Members and Dependents</td>
<td>2,000.</td>
</tr>
<tr>
<td>Travel on Official Business</td>
<td></td>
</tr>
<tr>
<td>Cables, Telegraph, Wireless Communications and Long Distance Telephone</td>
<td>400.</td>
</tr>
<tr>
<td>Printing</td>
<td>1,400.</td>
</tr>
<tr>
<td>Freight, Cartage, Express</td>
<td>800.</td>
</tr>
<tr>
<td>Air Freight</td>
<td>280.</td>
</tr>
<tr>
<td>Hospitality</td>
<td></td>
</tr>
<tr>
<td>Common Services</td>
<td>5,425.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>33,261.</td>
</tr>
</tbody>
</table>
August-September (cont.)

brought forward August-September 33,261.-

Meetings

Executive Committee ICITO (22 days) - 12,364
GATT/CP (20 days) - 10,630 23,044.-

October, November, December, 1948

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established Posts</td>
<td>27,460.−</td>
</tr>
<tr>
<td>Other expenses for personnel</td>
<td>4,118.−</td>
</tr>
<tr>
<td>Experts and Consultants</td>
<td>600.−</td>
</tr>
<tr>
<td>Temporary Assistance</td>
<td>1,800.−</td>
</tr>
<tr>
<td>Overtime</td>
<td>300.−</td>
</tr>
<tr>
<td>Travel and Removal Expenditure of Staff Members and Dependents</td>
<td>3,000.−</td>
</tr>
<tr>
<td>Travel on Official Business</td>
<td>4,500.−</td>
</tr>
<tr>
<td>Cables, Telegraph, Wireless Communications and Long Distance Telephone</td>
<td>600.−</td>
</tr>
<tr>
<td>Printing</td>
<td>2,100.−</td>
</tr>
<tr>
<td>Freight, Cartage and Express</td>
<td>1,200.−</td>
</tr>
<tr>
<td>Air Freight</td>
<td>420.−</td>
</tr>
<tr>
<td>Hospitality</td>
<td>8,138.−</td>
</tr>
<tr>
<td>Common Services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>54,236.−</td>
</tr>
<tr>
<td>Total October-December</td>
<td>54,236.−</td>
</tr>
<tr>
<td>Total</td>
<td>174,964.−</td>
</tr>
<tr>
<td>Unforeseen</td>
<td>13,526.−</td>
</tr>
<tr>
<td></td>
<td>193,490.−</td>
</tr>
</tbody>
</table>

Note: The expenditure for 1948 is covered by two advances authorized by the Advisory Committee on Administrative and Budgetary Questions of the United Nations (56,490 plus 5110,000, giving a total of 5196,490).

Budget estimates for 1949 .......
## SALARIES, WAGES & OTHER PAY ITEMS

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established Posts</td>
<td>113,413.00</td>
</tr>
<tr>
<td>Experts and Consultants</td>
<td>2,500.00</td>
</tr>
<tr>
<td>Temporary Assistance</td>
<td>7,000.00</td>
</tr>
<tr>
<td>Overtime</td>
<td>1,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>123,913.00</strong></td>
</tr>
</tbody>
</table>

## STAFF EXPENSES

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel on Official Business</td>
<td>10,000.00</td>
</tr>
<tr>
<td>Hospitality</td>
<td>1,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,000.00</strong></td>
</tr>
</tbody>
</table>

## MEETINGS

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meetings of the Exec.Cttee.</td>
<td>22,500.00</td>
</tr>
<tr>
<td>(20 days)</td>
<td></td>
</tr>
<tr>
<td>Meetings of the Contract. Parties</td>
<td>48,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>70,500.00</strong></td>
</tr>
</tbody>
</table>

## OTHER EXPENSES (Direct Charges)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications</td>
<td>5,000.00</td>
</tr>
<tr>
<td>Air freight</td>
<td>2,500.00</td>
</tr>
<tr>
<td>Printing</td>
<td>12,000.00</td>
</tr>
<tr>
<td>Information services</td>
<td>10,000.00</td>
</tr>
<tr>
<td>Freight, cartage and express</td>
<td>5,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34,500.00</strong></td>
</tr>
</tbody>
</table>

## COMMON STAFF COSTS

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Termination Pay and Commutation of Annual Leave</td>
<td>1,500.00</td>
</tr>
<tr>
<td>Reimbursement of National Income Taxat.</td>
<td>2,000.00</td>
</tr>
<tr>
<td>Staff Provident Fund Contributions &amp; Staff Ret. fund</td>
<td>7,000.00</td>
</tr>
<tr>
<td>Medical &amp; Group Life Insurance Contributions</td>
<td>1,500.00</td>
</tr>
<tr>
<td>Expatriation Allowances</td>
<td>6,000.00</td>
</tr>
<tr>
<td>Indemnity and Compassionate payments and Ex Traita Payments</td>
<td>1,500.00</td>
</tr>
<tr>
<td>Workmen's Compensation</td>
<td>125.00</td>
</tr>
<tr>
<td>Children's allowances, Education Grants and Related Travel</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Daily living allowances</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Home leave</td>
<td>4,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25,625.00</strong></td>
</tr>
</tbody>
</table>

## COMMON SERVICES

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Rooms</td>
<td>5,475.00</td>
</tr>
<tr>
<td>Documents Reproduction &amp; Distribution</td>
<td>19,930.00</td>
</tr>
<tr>
<td>Translations</td>
<td>7,500.00</td>
</tr>
<tr>
<td>Other Services (Stationery, personnel, accounting, office machines, etc.)</td>
<td>15,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>47,955.00</strong></td>
</tr>
</tbody>
</table>

## UNFORESEEN (10%)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deduction for reimbursement by Contracting Parties for secretariat services</td>
<td>76,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>313,493.00</strong></td>
</tr>
</tbody>
</table>

**Gross total** 344,843.00

Nett Total 268,843.00
### BUDGETARY JUSTIFICATIONS

**Salaries, Wages and Other Pay Items**

#### Established Posts

<table>
<thead>
<tr>
<th>Posts</th>
<th>Grade</th>
<th>Salary Range</th>
<th>Expenditure for 1944</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Executive Secretary</td>
<td>£11,000 - plus £3,000 Rep Allow</td>
<td>£14,000. -</td>
</tr>
<tr>
<td>1</td>
<td>Deputy Executive Secretary</td>
<td>10,000</td>
<td>10,000. -</td>
</tr>
<tr>
<td>1</td>
<td>Special Assistant</td>
<td>9,200</td>
<td>9,200. -</td>
</tr>
<tr>
<td>3</td>
<td>Advisers</td>
<td>7,450 - 10,300</td>
<td>23,122.</td>
</tr>
<tr>
<td>1</td>
<td>Information Officer</td>
<td>6,700 - 9,200</td>
<td>7,350. -</td>
</tr>
<tr>
<td>4</td>
<td>Research Assistant</td>
<td>5,450 - 7,450</td>
<td>22,312</td>
</tr>
<tr>
<td>1</td>
<td>Administrative Assistant</td>
<td>3,970 - 5,450</td>
<td>4,150</td>
</tr>
<tr>
<td>3</td>
<td>Secretaries</td>
<td>2,890 - 3,970</td>
<td>9,647. -</td>
</tr>
<tr>
<td>4</td>
<td>Stenographers</td>
<td>2,610 - 3,570</td>
<td>11,370. -</td>
</tr>
<tr>
<td>1</td>
<td>Junior Stenographers</td>
<td>2,130 - 2,890</td>
<td>2,262. -</td>
</tr>
</tbody>
</table>

| Total |                           |                    | £112,113. -          |

**Experts and Consultants** - £2,500. -

Consultants may be necessary in order to carry out efficiently the functions of the Interim Commission; it might for example be advisable to have expert advice on the administrative organisation and structure of the secretariat of the future ITO.

**Temporary Assistance** - £7,000. -

It will be necessary to recruit personnel on a temporary basis to provide for the replacement of staff on annual and sick leave, and for assistance during peak periods; in view of the small number of established posts, it will probably be necessary to engage a few secretaries during the meetings, precis-writers for taking the summary records of the meetings and additional staff during the period of tariff negotiations.
Overtime - $1,000,-

It is anticipated that it will be impossible to completely eliminate overtime work; therefore it is estimated on the basis of 26 overtime periods of 4 hours each for 9 entitled posts; this estimate may be revised in the light of the experience gained during the present meeting of the Executive Committee and of the Contracting Parties.

Staff Expenses

Travel on Official Business - $10,000,-

This figure is the same as the amount allocated for 1948 on an annual basis.

Hospitality - $1,000,-

The amount shown is based upon the expectation that senior members of the staff will be required to consult with Governments and other specialized agencies. In many cases, discussions are held in informal meetings with various specialists which require hospitality.

Meetings

The costs of the meeting of the Executive Committee have been based on the list of charges contained in Annex I; the total number of days is estimated at 20; for the meetings connected with the Contracting Parties, the figures of Annex II have been reproduced.

Other Expenses

Communications - $5,000,-

This figure would cover expenditure in connection with cables, telegraph, wireless communications and long distance telephone.
Air Freight - $2,500.-
Estimated at nominal figure.

Printing - $12,000.-
This is based on contractual printing of 300 text pages in English and French (1500 copies each) at an average cost of approximately $1.30 per copy.

Information Services - $10,000.-
This figure is purely indicative, as the Executive Committee has not yet taken a decision on the possible development of information services of the Secretariat.

Common Staff Costs
Termination Pay and Commutation of Annual Leave - $1,500.-
This item has been inserted to provide for the possible termination of some contracts, if the ITO were to commence its operations during 1949. Staff members terminated by the Interim Commission would receive under certain conditions termination pay of at least one month. Payment is made for accrued annual leave regardless of the circumstance of the separation.

Reimbursement of National Income Taxation - $2,000.-
This item has to be maintained in the budget in spite of the transfer to Geneva as it is understood that U.S. nationals remain liable to income taxation so long as they have not transferred their domicile.
Staff Provident Fund and Staff Retirement Fund contributions
$7,000.

An estimate amounting to 6% of the established posts has been entered in order to conform with the staff regulations in force in the U.N. Secretariat; moreover the ICITO Secretariat may have to continue U.N. contribution to Staff Retirement Fund with respect to some members of the staff who had contracts with the U.N., this liability could be covered by a transfer from another budget item.

Daily Living Allowances - $1,000.

This amount would cover the daily living allowances for new incumbents if vacancies are filled during 1949.

Home Leave - $4,000.

The ICITO may have to contribute to the expenditure incurred in connection with home leave for some members of the staff who had acquired rights in this connection while they were serving with the U.N. Secretariat.

Common Services

Office rooms - $5,475.

This figure is based on 15 standard units in Geneva and Lake Success at the rate indicated in Annex I; this would provide about 10 - 12 offices for a staff of 20.

Documents Reproduction and Distribution - $19,980.

This estimate is based on a figure of 1500 pages in each language (English and French). The rates are those contained in Annex 1.

Translation - $7,500.

This estimate is based on translation of 1500 pages.

Other Services - $15,000.

estimated at nominal figure. There has not yet been any definite arrangement as to the basis for reimbursement of administrative services furnished by U.N. Secretariat. This estimate also includes the cost of storing documents belonging to the Secretariat which have not been transferred to Geneva.
ANNEX


1. The United Nations agrees that the ICITO meetings shall be held at the Palais des Nations commencing Wednesday, 25 August 1948. The expected closing date of the meeting is 14 September 1948.

2. Upon receiving adequate notice from the ICITO, the United Nations will make every effort to provide such conference service requirements as ICITO may request. In particular, the United Nations will provide facilities as stated in the schedule below. The figures in the second column of the schedule indicate the extent to which these facilities will probably be required, but it is recognised by both parties that the actual requirements may depend on the course of the proceedings of the Conference.

3. The ICITO agrees to reimburse the United Nations Headquarters in United States dollars within sixty (60) days of receipt of the United Nations claim for such services as it provides, at the rates specified in the third column of this schedule.

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Probable Requirements</th>
<th>Reimbursement Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Conference Room</td>
<td>30 Meetings</td>
<td>$24 per meeting</td>
</tr>
<tr>
<td>2 Sub-Committee Rooms</td>
<td>30 Meetings (Total)</td>
<td>$6 per meeting</td>
</tr>
<tr>
<td>Office Rooms</td>
<td>32 Rooms</td>
<td>$1 per day per standard unit</td>
</tr>
<tr>
<td>Type of Service of Facility</td>
<td>Probable Requirements</td>
<td>Reimbursement Rate</td>
</tr>
<tr>
<td>----------------------------</td>
<td>----------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Stencil Cutting</td>
<td>762 Stencils (during session)</td>
<td>$0.90 per stencil</td>
</tr>
<tr>
<td>Documents Reproduction</td>
<td>895,350 impressions</td>
<td>$4.20 per thousand impressions</td>
</tr>
<tr>
<td>Consecutive Interpretation</td>
<td>60 meetings</td>
<td>$21.50 per interpreter per meeting</td>
</tr>
<tr>
<td>Hotel Reservations</td>
<td>60 Delegates</td>
<td>$5.50 per reservation</td>
</tr>
<tr>
<td>Translation</td>
<td>381 pages E/F</td>
<td>$5 per page</td>
</tr>
<tr>
<td>Distribution and Documents Control</td>
<td>Approximately 6 extra staff Grade 3 for 21 days</td>
<td>$11 per day per staff member</td>
</tr>
<tr>
<td>Supplies issued (stationery etc.)</td>
<td></td>
<td>Replacement cost to UN plus 5% overhead</td>
</tr>
</tbody>
</table>

* Additional cost will be incurred to meet the proportional charge of travel and per diem of interpreters sent from Headquarters to Geneva for the purpose of this and other conferences.

ICIT0 will also reimburse United Nations for any extra costs it may incur in services other than those specified above including overtime services provided at the written request of ICIT0.
ANNEX C

DRAFT PROVISIONAL FINANCIAL REGULATIONS
FOR THE INTERNATIONAL TRADE ORGANISATION

SCOPE AND APPLICATION

Regulation 1

These regulations shall be cited as the Provisional Financial Regulations. They shall become effective as from the date of their approval by the Conference of the Organisation (hereinafter referred to as "the Conference" and the "Organisation" respectively.

Regulation 2

These regulations shall govern the financial administration of the International Trade Organisation.

THE FINANCIAL YEAR

Regulation 3

The financial year shall be the calendar year, 1 January to 31 December.

THE BUDGET

Regulation 4

The Director-General shall submit to the regular annual session of the Conference estimates for the following financial year. He may also submit such supplementary estimates as may be deemed necessary for the current financial year.
DRAFT PROVISIONAL FINANCIAL REGULATIONS
FOR THE INTERNATIONAL TRADE ORGANIZATION

SCOPE AND APPLICATION

Regulation 1

These regulations are established in accordance with the provisions of Article 85 of the Havana Charter for an International Trade Organization (hereinafter referred to as "the Charter" and the "Organization" respectively), and shall be cited as the Provisional Financial Regulations. They shall become effective as from the date of their approval by the Conference of the Organization (hereinafter referred to as "the Conference").

Regulation 2

These regulations shall govern the financial administration of the International Trade Organization.

THE FINANCIAL YEAR

Regulation 3

The financial year shall be the calendar year, 1 January to 31 December.

THE BUDGET

Regulation 4

The Director-General shall submit to the regular annual session of the Conference estimates for the following financial year. He may also submit such supplementary estimates as may be deemed necessary for the current financial year.
Regulation 5

The estimates submitted to the Conference shall be divided into parts, sections and chapters, and shall be accompanied by:

(a) A detailed statement of the estimated expenditure provided for under each chapter and each item of a chapter;
(b) A statement of the estimated miscellaneous or other income under appropriate headings;
(c) An explanatory statement with regard to the expenditures proposed in connection with any new activity or any extension of an existing activity;
(d) A statement of the estimated expenditure of the current financial year, and the expenditures of the last completed financial year.

Regulation 6

The estimates shall be submitted to the Advisory Committee on Administrative and Finance (hereinafter referred to as the "Advisory Committee"), at least twelve weeks prior to the opening of the annual session of the General Assembly. They shall be examined by the Advisory Committee, which shall prepare a report thereon. The estimates, together with the Committee's report, shall be transmitted to all Members at least five weeks prior to the opening of the regular annual session of the General Assembly.
Regulation 7

The estimates and the reports of the Advisory Committee thereon shall be submitted to the Conference and referred to the proper Committee for consideration and report to the Conference.

Regulation 8

The adoption of the budget shall constitute an authorization to the Director-General to incur obligations and make expenditures for the purposes for which appropriations have been voted and up to the amounts so voted.

The appropriations shall be available for obligations in respect of goods supplied and services rendered in the financial year to which the appropriations relate.

The Director-General shall make allotments in writing from the appropriations as voted by the Conference and under such further sub-headings as may appear appropriate and necessary, before obligations are incurred thereunder.

TRANSFERS WITHIN APPROPRIATIONS

Regulation 9

Transfers by the Director-General within the total amount appropriated under the estimates may be made to the extent permitted by the terms of the budget resolution adopted by the Conference.

AVAILABILITY OF APPROPRIATIONS AT THE CLOSE OF THE FINANCIAL YEAR

Regulation 10

Appropriations shall remain available to the extent that they are required to meet the outstanding obligations

NOTE:

Regulation 10: The proposed regulation, based entirely on the United Nations' text, establishes the accounting system to be used by the Organization. This system, usually called "obligations incurred method", is followed by the United Nations, ICAO, UNESCO and has been proposed for the WHO. Other specialized agencies as a rule follow the "cash method"
as at 31 December represented by goods supplied and services rendered up to and including that date.

Regulation 11

The balance of appropriations shall be surrendered in accordance with the provisions of Regulation 14. Outstanding obligations not represented by goods supplied or services rendered up to and including 31 December shall be a charge to the appropriations of the succeeding year.

PROVISION OF FUNDS

Regulation 12

The appropriations, subject to the adjustments to be effected in accordance with the provisions of Regulation 14, shall be financed by contributions from Members according to the scale of assessments determined by the Conference. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.

Regulation 13

The Conference shall determine the amount of the Working Capital Fund and any sub-divisions thereof.

Regulation 14

In the assessment of the contributions of Members, there shall be adjustments to the amount of appropriations approved by the Conference for the following financial year in respect of:

(a) Supplementary appropriations for which contributions have not previously been assessed on the Members;

NOTES:

Regulations 12 and 13: These regulations presuppose the establishment of a Working Capital Fund, following the line adopted by the United Nations. The establishment of the Fund is strongly recommended by the experience of specialized agencies and the United Nations.
(b) Estimated miscellaneous income for the financial year to which the appropriations relate;
(c) Miscellaneous income of former years for which credit has not previously been taken into account, and deficiencies in estimated income which was previously taken into account;
(d) Contributions resulting from the admission of new Members under the provisions of Regulation 16;
(e) Any balance of the appropriations of the last completed financial year surrendered under Regulation 11.

Regulation 15

After the Conference has adopted the budget and determined the amount of the Working Capital Fund and its subdivisions, the Director-General shall:

(a) Transmit all relevant documents to Members;
(b) Inform Members of their commitments in respect of annual contributions and of advances to the Working Capital Fund;
(c) Request them to remit their contributions and any advances to the Working Capital Fund.

Regulation 16

New Members shall be required to make a contribution for the year in which they are first admitted and an advance to the Working Capital Fund, at rates to be determined by the Conference.

Regulation 17

Annual contributions and advances to the Working Capital Fund shall be assessed and paid in the currency of the State in which the Organization has its headquarters.

The Director-General may at his discretion lay down conditions under which member governments may pay part of
their contributions in other currencies to the extent that the approved budget requires expenditures in those currencies.

Regulation 18

Payments made by a Member shall be applied first as a credit to the Working Capital Fund and then to the contributions due in the order in which the Member was assessed.

CUSTODY OF FUNDS

Regulation 19

The Director-General shall designate the bank or banks in which the funds of the Organization shall be kept.

INTERNAL CONTROL

Regulation 20

The Director-General shall:

(a) Establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;

(b) Cause an accurate record to be kept of all capital acquisitions and all supplies purchased and used;

(c) Render to the Auditors with the accounts a statement as at 31 December of the financial year concerned, showing the supplies in hand and the assets and liabilities of the Organization together with a statement of losses of cash, stores and other assets written off under Regulation 23;

(d) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or commodities have been received and that payment has not previously been made;
(e) Designate the officials who may receive monies, incur obligations and make payments on behalf of the Organization;

(f) Maintain an internal financial control which shall provide for an effective current examination or review of financial transactions in order:

(i) To ensure the regularity of the receipt, disposal and custody of all funds and other financial resources of the Organization;

(ii) To ensure the conformity of all expenditures with the appropriations or other financial provision voted by the Conference;

(iii) To obviate any uneconomic use of the resources of the Organization.

Regulation 21

No contract, agreement or undertaking of any nature, involving a charge against the Organization exceeding $100 (U.S.) shall be entered into, or have any force or effect, unless:

(a) Credits are reserved in the accounts to discharge any obligation which may come in course of payment in the financial year under such contract, agreement or undertaking;

(b) The charge is a proper one against the Organization; and

(c) Proof has been provided that the service is for the benefit of the Organization and the cost thereof is fair and reasonable.

The Auditors shall draw the attention of the Conference to any case where, in the opinion of the Auditors, any charge has been improperly made or was in any way irregular.
Regulation 22
The Director-General may make such *ex-gratia* payments as he deems to be necessary in the interests of the Organization, provided that a statement of such payments shall be submitted to the Conference with the annual accounts.

Regulation 23
The Director-General may, after full investigation, authorize the writing off of losses of cash, stores and other assets, subject to the requirements of regulation 20 (c).

Regulation 24
Tenders for equipment, supplies and other requirements shall be invited by advertisement, except where the Director-General deems that, in the interest of the Organization, a departure from the rule is desirable.

THE ACCOUNTS

Regulation 25
The accounts of the Organization shall be kept in the currency of the State in which the Organization has its headquarters, provided however, that the local accounts of branch offices may be maintained in the currency of the country in which they are situated.

Regulation 26
There shall be established one cash control record in which shall be recorded all cash receipts accruing to the benefit of the Organization. The cash control record shall be divided into such subsidiary receipts classifications as may be deemed necessary.
Regulation 27

Cash shall be deposited in one or more bank accounts as required; branch accounts, or special funds which involve a separation of cash assets, shall be established as charges to the cash control record under appropriate regulations as to objects, purposes and limitations of such accounts and funds.

Regulation 28

The accounts shall consist of:

(a) Budget accounts showing:
   (i) Original appropriations;
   (ii) Appropriations after modification by any transfer, carried out in accordance with the provisions of regulation 9;
   (iii) Credits, if any, other than appropriations made available by the Conference;
   (iv) Allotments made;
   (v) Obligations incurred;
   (vi) Expenditures.

(b) A cash account showing all cash receipts and actual disbursements made;

(c) Separate accounts for the Working Capital Fund, its sub-fund which may be established;

(d) Property records showing:
   (i) Capital acquisitions and disposals;
   (ii) Equipment and supplies purchased, used and on hand;

(e) Such records as will provide for a statement of assets and liabilities for each fund at 31 December of each financial year.
Regulation 29

The accounts shall be submitted by the Director-General to the Auditors by 31 March following the end of the financial year.

EXTERNAL AUDIT

Regulation 30

For the purpose of making annually, and at such times as may be necessary for special purposes, an independent audit of the funds, assets and accounts of the Organization, the Organization shall so far as possible make use of the Board of External Auditors of the Accounts of the United Nations. The procedures governing the audit shall be determined by a resolution of the Conference.

TRUST AND OTHER SPECIAL FUNDS

Regulation 31

Appropriate separate accounts shall be maintained for trust funds and other special funds for the purpose of accounting for unclaimed monies, monies received and held in suspense, and for projects where the transactions involve a cycle of operations. The purpose and limits of each trust or other special fund established shall be clearly defined by the appropriate authority.

INVESTMENTS

Regulation 32

The Director-General may make short-term investments of monies which are not needed for immediate requirements and shall inform the Advisory Committee periodically of the investments which he has made.
Regulation 33

Income from investments of the Working Capital Fund shall be accounted for as miscellaneous income.

Income from investments of the Staff Provident Fund shall be held in the Fund for ultimate credit to the Pension Fund.

RESOLUTIONS INVOLVING EXPENDITURES

Regulation 34

No resolution involving expenditure from the Organization funds shall be approved by the conference of the Organization or by the Executive Board unless the conference or the Board has before it a report from the Director-General on the financial implications of the proposals and an estimate of the costs involved in the specific proposal.

Where, in the opinion of the Director-General, the proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the Conference has made the necessary appropriations unless the Director-General certifies that provision can be made under the conditions of the resolutions of the Conference relating to unforeseen and extraordinary expenses and the Working Capital Fund.
DRAFT PROVISIONAL STAFF REGULATIONS FOR
THE INTERNATIONAL TRADE ORGANIZATION

CHAPTER I
DUTIES AND OBLIGATIONS OF THE SECRETARIAT

Regulation 1
The Director-General and all members of the Staff of the Organisation are international civil servants and their responsibilities are not national but exclusively international. By accepting appointment, they pledge themselves to discharge their functions and to regulate their conduct with the interests of the International Trade Organisation only in view. In the performance of their duties they shall not seek nor receive instructions from any Government or from any other authority external to the Organisation. All members of the staff are subject to the authority of the Director-General, and are responsible to him in the exercise of their functions.

Regulation 2
Upon accepting their appointment, all members of the staff shall subscribe to the following oath or declaration:
"I solemnly swear (undertake, affirm, promise) to exercise in all loyalty, discretion and conscience the functions entrusted to me as a member of the international service of the International Trade Organisation, to discharge those functions and regulate my conduct with the interests of the Organisation only in view, and not to seek or accept instructions in regard to the performance of my duties from any Government or other authority external to the Organisation".

Regulation 3
The oath or declaration shall be made orally by the Director-General at a session of the Conference, and by the other high officers in public before the Director-General or his authorised deputy.
The immunities and privileges attaching to the International Trade Organisation by virtue of Article 90 of the Charter are conferred in the interests of the Organisation. These privileges and immunities furnish no excuse to the staff members who enjoy them for non-performance of their private obligations or failure to observe laws and police regulations. In any case where these privileges and immunities arise, the staff member concerned shall immediately report to the Director-General, with whom alone it rests to decide whether they shall be waived.

Regulation 5

Members of the staff shall exercise the utmost discretion in regard to all matters of official business. They shall not communicate to any person any unpublished information known to them by reason of their official position except as their duties may require or by authorisation of the Director-General.

Regulation 6

Members of the staff shall avoid any action, and in particular any kind of public pronouncement or activity which may adversely reflect on their position as international civil servants. They are not expected to give up their national sentiments or their political and religious convictions; but they shall at all times bear in mind the reserve and tact incumbent upon them by reason of their international status.

Regulation 7

No member of the staff shall accept, hold, or engage in any office or occupation which in the opinion of the Secretary-General is incompatible with the proper discharge of his duties with the United Nations.

NOTE:

Regulation 4: In principle, staff members of international organisations enjoy the immunities and privileges conferred on the organisation. It may be necessary, however, to determine, at a later stage, the personnel to which this provision should apply, since it may be desirable to exclude some categories of staff members, e.g. personnel paid at hourly rates and personnel specifically engaged for short term service.
Regulation 8
Any member of the staff who becomes a candidate for a public office of a political character shall resign from the Secretariat.

Regulation 9
No member of the staff shall accept any honour, decoration, favour, gift or fee from any Government or from any other source external to the Organisation during the period of his appointment, except for war services, or for services rendered before appointment.

CHAPTER II
APPOINTMENT, PROBATION AND PROMOTION

Regulation 10
Men and women are equally eligible for all posts in the Secretariat.

Regulation 11
So far as practicable, appointments to posts in the Secretariat shall be made on a competitive basis.

Regulation 12
Persons appointed to permanent posts in the Secretariat shall serve such probationary period as may be prescribed by the Director-General.

The appointment of members of the staff for a probationary period or on a short-term contract, which shall include any temporary contract, may be subject to such conditions as the Director-General may deem desirable.

Regulation 13
The Director-General may provide facilities to train members of the staff in subjects relating directly or indirectly to their duties. This training shall apply particularly to members on probation whose earlier educational opportunities have been inadequate or whose language qualifications are deficient.
With due regard to Article 85 of the Havana Charter and without prejudice to the inflow of fresh talent at the various levels, vacancies shall be filled by promotion of persons already in the service of the International Trade Organisation in preference to appointments from outside. This consideration may also be applied, on a reciprocal basis, to staff of the United Nations and the specialised agencies brought into relationship with the United Nations.

The Director-General shall provide machinery through which members of the staff may participate in the discussion of conditions relating to appointment and promotion.

CHAPTER III
SALARIES AND ALLOWANCES

Pending the adoption of a permanent classification plan, the salaries of the members of the staff other than the Deputy-Directors-General shall be determined by the Director-General, who shall follow in principle the scales of remuneration of the United Nations.

CHAPTER IV
HOURS OF WORK

The whole time of members of the staff shall be at the disposal of the Director-General. The Director-General shall establish a normal working week.

CHAPTER V
LEAVE

Members of the staff shall be allowed sick leave, maternity leave, special leave, annual local leave and home leave, as prescribed by the Director-General.
CHAPTER VI
DISCIPLINARY MEASURES

Regulation 19

The Director-General may impose disciplinary measures on members of the staff whose conduct or work is unsatisfactory. He may discharge a member of the staff who persistently fails to give satisfactory service. He may summarily dismiss a member of the staff for serious misconduct.

CHAPTER VII
TERMINATION OF APPOINTMENTS

Regulation 20

The normal age of retirement for members of the staff shall be 60 years. In exceptional circumstances the Director-General may, in the interest of the Organisation, extend this age limit to 65 years.

Regulation 21

The Director-General may terminate the appointment of a member of the staff in accordance with the terms of his appointment if made under the provisions of Regulation 12, Section 2 or, if the necessities of the service require, the abolition of the post or a reduction of the staff, or if the services of the individual concerned prove unsatisfactory.

Regulation 22

If the Secretary-General terminates an appointment under Regulation 21 he shall give at least three months' notice and pay an indemnity equivalent to at least three months' salary. The amount of the indemnity shall be increased with length of service up to a maximum of 9 months' salary. These provisions of notice and indemnity shall not apply to probationers, to persons holding short-term contracts, or to persons summarily dismissed.

Regulation 23

The Director-General shall establish administrative machinery for inquiry and appeal in disciplinary and termination cases. This machinery shall provide for staff
CHAPTER VIII
TRAVELLING EXPENSES AND ALLOWANCES

Regulation 24

The travel expenses and travel allowances of members of the staff in respect of authorised journeys on the business of the International Trade Organisation shall be paid by the Organisation subject to such conditions as may be prescribed by the Director-General.

Regulation 25

Subject to such conditions as may be prescribed by the Director-General, the International Trade Organisation shall pay the removal costs and the travel expenses and travel allowances of members of the staff, and, in appropriate cases, their wives and dependent children:

(a) upon appointment to the Secretariat and on subsequent change of official station;
(b) at appropriate intervals for a journey to and from the place recognised as the staff member's home at the time of the initial appointment;
(c) upon termination of appointment.

CHAPTER IX
STAFF PROVIDENT FUND

Regulation 26

The Organisation shall be affiliated with the Permanent Retirement Scheme of the United Nations and shall apply the
NOTE:

Regulation 26: Agreement is being sought by the United Nations that all specialized agencies or a great majority of them be affiliated with the United Nations pension scheme. This scheme, which is expected to be adopted at the next General Assembly in Paris, contains the following principal points:

- **Retirement age**: 60 years
- **Basis of benefits**: Average salary during last ten years
- **Maximum of retirement pension**: 50 per cent of average salary during last ten years.
- **Disability pension**: Same as retirement pension, with minimum of 33 1/3 per cent.
- **Withdrawal benefits**: Participant's own contribution plus interest; in cash
  - **Within first 5 years of service**: Actuarial equivalent in cash
  - **After first 5 years of service**: Participant's own contribution plus interest, payable on death in active service when no widow's pension is payable.
- **Widow's pensions**: 50 per cent of disability pension
  - **In active service**: Participant's own contribution plus interest, payable on death in active service when no widow's pension is payable.
  - **After service retirement**: Participant's own contribution plus interest, payable on death in active service when no widow's pension is payable.
  - **After disability retirement**: Participant's own contribution plus interest, payable on death in active service when no widow's pension is payable.
- **Death benefit payable to any designated beneficiaries**: Participant's own contribution plus interest, payable on death in active service when no widow's pension is payable.
- **Orphans benefits**: $300 per annum for a half-orphan and $600 per annum for a full orphan.

The cost of the scheme expressed as percentage of salary is 21 per cent. The participants would contribute 7 per cent and the Organisation 14 per cent of their salaries.

Another scheme has been adopted by the International Bank and the International Monetary Fund showing some differences in the benefits payable and having two main points of disagreement: the retirement age is 65 and the overall cost of the plan is only 18 per cent of the participant's salary of which 12 per cent is borne by the organisation.
SPECIAL INDENITIES

Regulation 27

A member of the staff who is injured as a result of an accident incurred in the course of his duty or who is compelled to discontinue his employment as a result of sickness directly attributed to his work in the service of the Organisation shall receive reasonable compensation. Should the staff member die in such circumstances, reasonable compensation shall be paid to his widow or such dependent as the Director-General may determine.

CHAPTER XI

ADMINISTRATIVE TRIBUNAL

Regulation 28

Any dispute which cannot be resolved internally arising between the Organisation and a member of the staff regarding the fulfilment of the contract of the said member or arising out of disciplinary action shall be referred for final decision to an international Administrative Tribunal which may be designated or, if necessary, established by the Executive Board until definitive arrangements have been made with the United Nations.

NOTES

Regulation 28: The proposed regulation foresees the establishment of an administrative tribunal, if necessary, or the designation of an existing one, to deal with disputes arising between the Organisation and a member of the Staff and which cannot be resolved internally.

It is thought desirable to bring the problem to the attention of the Interim Commission, since this is a point on which no final decision has been reached by the United Nations.

The Preparatory Commission of the United Nations which met in London, recommended the establishment of the Tribunal as a means of allowing staff members to have recourse to a body outside the administrative framework of the United Nations if a decision taken by the Administration appeared to be contrary to the staff rules and regulations. A drafting committee was established and a draft statute for the tribunal was submitted to the second part of the First Session of the General Assembly. At the suggestion of some Delegations, the matter was, however, postponed and has not been dealt with so far.

The ILO has established an administrative tribunal and the Interim Commission of the WHO has suggested the adoption of a provision similar to the text proposed above.
CHAPTER XII
GENERAL PROVISIONS

Regulation 29

These regulations may be supplemented or amended by the Conference of the Organisation provided that in the consideration of such amendments, due regard shall be paid to the rights of members of the staff.

Regulation 30

The Director-General shall inform the Advisory Committee of such staff rules and amendments thereto as he may make to implement these Regulations. Whenever it considers this necessary, the Advisory Committee shall draw the attention of the Conference to them.
ANNEX "D"

PROPOSED AUDIT PROCEDURE FOR INTERNATIONAL TRADE ORGANIZATION

The auditors shall submit their report, together with the certified accounts and such other statements as they think necessary, to the Conference. A copy of this report shall be made available to the Director-General sufficiently in advance of its submission to the Conference to permit him to present such comment or representations to the Conference as he may desire to submit.

The Audit should be carried out by the Auditors having full regard to the following requirements of the Conference:

a. The Auditors should satisfy themselves:

(1) That the accounts, including the balance sheet, represent a correct record of duly authorized financial transactions of the financial year;

(2) That money has not been expended or obligated other than for the purpose or purposes for which the appropriations voted by the Conference were intended to provide, except in so far as transfers within the budget are authorized, and that the expenditure conforms to the authority which governs it;

(3) That transfers from the Working Capital Fund or other funds have received the necessary authority.

b. The Auditors, after satisfying themselves that the vouchers have been examined and certified as correct
by the accounting organization, may, in their discretion and having regard to the character of the examination within the department, in any particular case admit the sums so certified without further examination, provided however, that, if the Conference requests that any accounts be examined in greater detail, the Auditors shall take action accordingly.

c. The Auditors shall examine such store or stock accounts as are maintained by the organization the financial accounts of which, they are auditing.

d. The Auditors shall have free access at all convenient times to the books of account and all information relevant to the accounts of the organization concerned. Requests for official files which may deal with matters of policy should be made only through the administrative officer in charge of administrative and financial services.

e. The Auditors should not criticize purely administrative matters, but it is within their discretion to comment upon the financial consequences of administrative action. Audit examination should not be undertaken before accounting effect has been given to transactions, nor should accounts and vouchers be examined until they have been duly rendered available by the department concerned.

f. Objections to any items which may arise during audit should be communicated immediately to the accounting department concerned. As a general rule, criticism should not be made in the Auditors' report without first affording the accounting department an opportunity of explanation.
g. Documentary or other information obtained from a department should not be published by the Auditors without reference having been made to the duly authorized official of the organization or agency concerned.

h. The Auditors certifying the accounts shall prepare a joint report of each account certified, in which they should mention:

(1) The extent and character of their examination or any important changes therein;
(2) Matters affecting the completeness or accuracy of the accounts, such as:
   (a) Information necessary to the correct interpretation of the account;
   (b) Any amounts which ought to have been received but which have not been brought to account;
   (c) Expenditure not properly vouched;
(3) Other matters which should be brought to the notice of the Conference, such as:
   (a) Cases of fraud or presumptive fraud;
   (b) Wasteful or improper expenditure of the organization's money or stores (notwithstanding that the accounting for the transactions may be correct);
   (c) Expenditure likely to commit the organization to further outlay on a large scale;
   (d) Any defect in the general system or detailed regulations governing the control of receipts and expenditure, or of stores;
   (e) Expenditure not in accordance with the intention of the Conference, after making allowance for duly authorized transfers
within the budget;
(f) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;
(g) Expenditure not in conformity with the authority which governs it.

(4) The accuracy or otherwise of the stores' records as determined by stock-taking and examination of the records.

In addition, the reports may contain reference to:

(5) Transactions accounted for in a previous year concerning which further information has been obtained, or transactions in a later year concerning which it seems desirable that the Conference should have early knowledge.

i. The Auditors, or such of their officers as they may delegate, should jointly certify each account in the following terms:

"The above accounts have been examined in accordance with our directions. We have obtained all the information and explanations that we have required, and we certify, as the result of the audit, that, in our opinion, the above account is correct";

adding, should it be necessary, "subject to the observations in our report."

j. The Auditors shall have no power to disallow items in the accounts, but shall recommend to the
Director-General for appropriate action such disallowances as the Auditors are prepared to recommend to the Conference based on their audit of the accounts and records. The Auditors shall bring to the attention of the Conference any cases where its recommendations for disallowance have not been acted upon by the Director-General.