

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED  
LIMITED B  
GATT/CP.6/13  
11 September 1951  
ORIGINAL: ENGLISH

CONTRACTING PARTIES  
Sixth Session

## SECRETARIAT AND CONFERENCE SERVICES FOR THE CONTRACTING PARTIES

### Note by the Executive Secretary

Working Party "L" of the Fifth Session, in its report on the continuing administration of the General Agreement (GATT/CP.5/49) pointed out that the CONTRACTING PARTIES would find it necessary at the Sixth Session to consider more permanent arrangements for a Secretariat. The present position is that Secretariat and Conference services are provided by the Executive Secretary of the Interim Commission for the International Trade Organization against reimbursement by the CONTRACTING PARTIES. As the ratification of the Havana Charter must now be considered as indefinitely postponed the servicing of the CONTRACTING PARTIES is, in fact, the sole function of the Secretariat of ICITO. The present arrangement cannot therefore be relied upon for any considerable future period since it must be expected that in due course the ICITO will be wound up and its secretariat disbanded.

The United States Government has informed the Executive Secretary that it considers that the appropriate method of dealing with this problem would be for the CONTRACTING PARTIES to request the General Assembly of the United Nations to authorize the Secretary-General to provide secretariat and conference services for the CONTRACTING PARTIES under conditions which would enable the CONTRACTING PARTIES to discharge the responsibilities which are imposed upon them by Article XXV of the Agreement. It is understood that the United States will put this suggestion forward at the Sixth Session. The Executive Secretary has therefore studied the United States suggestion and has set out in some detail the procedures and administrative arrangements which would appear to be involved if this approach were adopted by the CONTRACTING PARTIES.

Procedures and administrative arrangements which would appear to be involved in giving effect to the suggestion of the United States Government that the CONTRACTING PARTIES request the General Assembly of the United Nations to authorise the Secretary-General to provide Secretariat and Conference services for the CONTRACTING PARTIES

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It would appear that, to give effect to the United States suggestion, a series of transactions would be involved, as follows:

- A. A Decision of the CONTRACTING PARTIES, which would presumably be acted on at the Sixth Session.
- B. A covering letter from the Chairman of the CONTRACTING PARTIES to the Secretary-General of the United Nations, transmitting the Decision and, also
- C. A Memorandum of Understanding regarding implementation of the plan
- D. A draft Resolution to be submitted for consideration by ECOSOC;

In addition to these various documents it is envisaged that there would be a supplementary administrative arrangement to be agreed upon with the Secretary-General for giving effect to the Memorandum of Understanding.

Explanatory notes have been inserted at various points in the text. These would not appear in the documents as finally submitted.

A.

Decision relating to Secretariat  
and Conference Services  
for the CONTRACTING PARTIES

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WHEREAS

Article XXV of the General Agreement provides that, "representatives of the contracting parties shall meet from time to time for the purpose of giving effect to those provisions of this Agreement which involve joint action and, generally, with a view to facilitating the operation and furthering the objectives of this Agreement ....",

WHEREAS

In order to discharge these responsibilities the CONTRACTING PARTIES require secretariat and conference services,

WHEREAS

It is necessary in present circumstances to make provision for secretariat and conference services required for the administration of the Agreement to take the place of the present temporary, ad hoc arrangements,

THE CONTRACTING PARTIES DECIDE

- (i) To request the Economic and Social Council to recommend to the General Assembly that the Secretary-General of the United Nations be authorised to provide the CONTRACTING PARTIES to the General Agreement with the staff and conference services required for the administration of the Agreement, and to appoint, after consultation with the CONTRACTING PARTIES, an Executive Secretary as chief executive officer for the CONTRACTING PARTIES. The staff so provided shall operate under the substantive guidance of the CONTRACTING PARTIES and shall have its offices at \_\_\_\_\_.

- (ii) In order to bear their fair share of the expenses involved in the provision of staff and conference services by the United Nations to the CONTRACTING PARTIES, those contracting parties not members of the UN shall make contributions to the UN in accordance with an appropriate scale to be agreed upon with the United Nations.
- (iii) To authorise representatives of the CONTRACTING PARTIES to conclude on behalf of the CONTRACTING PARTIES with the representatives of the Economic and Social Council a Memorandum of Understanding on the basis of the principles included in the draft attached to this Decision.

B.

Letter from the Chairman of the CONTRACTING PARTIES to the Secretary-General of the United Nations, enclosing a copy of the Decision of the CONTRACTING PARTIES (A).

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Sir,

I am sending you herewith a Decision which was approved by the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade on \_\_\_\_\_ in the course of their Sixth Session.

It is the hope of the CONTRACTING PARTIES that it will be possible for the Economic and Social Council to meet at an early date to consider the request contained in this Decision, in order that the recommendations of the Council might be available for submission to the \_\_\_\_\_ General Assembly which is meeting later this year.

In order to assist the Council in its consideration of this letter, I have been requested by the CONTRACTING PARTIES to explain in some detail the background of the resolution.

It will be recalled that the Economic and Social Council at its first session in London in 1946 recognised the need to provide appropriate machinery for international cooperation within the framework of the United Nations in the field of international trade and employment.

The Council, in Resolution XIII (I) of 18 February 1946, called a United Nations Conference on Trade and Employment and set up a Preparatory Committee to prepare an annotated agenda for the Conference.

At the conclusion of its First Session, this Preparatory Committee decided to sponsor tariff negotiations between its members in connection with and as part of the Second Session of the Committee.

The resolution embodying this decision was included in the Report of the Preparatory Committee which was considered and noted by the Economic and Social Council at its \_\_\_\_\_ Session. In accordance with this decision the countries appointed to the Preparatory Committee negotiated at Geneva in 1947, pending the conclusion and entering into force of such convention as might be concluded at the UN Conference on Trade and Employment, the General Agreement on Tariffs and Trade, to which Agreement the members of the Preparatory Committee became contracting parties.

Since that date additional countries have become contracting parties, as a result of further negotiations at Annecy (France) in 1949 and at Torquay (England) in 1950/51.

In view of the numerous and important obligations assumed by the contracting parties to the General Agreement it was provided in Article XXV that representatives of the contracting parties should meet from time to time for the purpose of giving effect to those provisions of the Agreement which involve joint action and generally with a view to facilitating the operation and furthering the objectives of the Agreement. The CONTRACTING PARTIES acting jointly subsequently found it necessary to make an arrangement with the Interim Commission for the International Trade Organisation for the provision of secretariat and conference services.

Whilst, therefore, the parties to the Agreement thus provided a governmental body which, by the terms of the Agreement, is responsible for its administration, they did not consider it necessary at that time to make any further administrative provision, since they anticipated the early creation of an international trade organization, as a result of the UN Conference on Trade and Employment into which the General Agreement would in due course be integrated.

In fact, however, the Havana Charter for the International Trade Organization, which was drafted at the UN Conference on Trade

and Employment, is not likely to enter into force in the foreseeable future.

This circumstance has made it necessary for the CONTRACTING PARTIES to consider a more effective and permanent administration for the General Agreement, in place of the "ad hoc" arrangements which have hitherto been adopted.

Among the measures which the CONTRACTING PARTIES feel that it is necessary to take in present circumstances is to provide for a secretariat for the General Agreement and conference and other administrative services required for the administration of the Agreement. This provision would take the place of the present temporary ad hoc arrangement with the Interim Commission for the International Trade Organization.

It appears to the CONTRACTING PARTIES, having given careful consideration to the matter at their Sixth Session, that the most appropriate arrangement would be for this secretariat and these services to be provided by the United Nations. The CONTRACTING PARTIES feel that this course is particularly appropriate as the General Agreement has proved to be a valuable instrument for contributing to the attainment of the objectives set forth in Article 55 of the UN Charter.

The substance of the proposals of the CONTRACTING PARTIES is set out in the enclosed decision.

The CONTRACTING PARTIES hope that it will be possible for the UN in this manner to facilitate the discharge by the CONTRACTING PARTIES of the obligations imposed upon them by the terms of the Agreement. They feel that in order to permit them to discharge this responsibility effectively it will be necessary that the Secretariat of the CONTRACTING PARTIES should operate under their substantive direction having regard to the fact that the application of the Agreement is a matter which by its terms is the sole

responsibility of the CONTRACTING PARTIES acting jointly.

It is, of course, fully understood that the staff provided for the Secretariat of the CONTRACTING PARTIES would in administrative matters be under the direction of the Secretary-General.

In order to clarify further the intentions of the CONTRACTING PARTIES, I am sending you herewith, as a second enclosure, a memorandum of the points which the CONTRACTING PARTIES feel could be usefully contained in an understanding between themselves and the United Nations for giving effect to the present proposal, if it commend itself to the United Nations.

C.

Memorandum of Understanding regarding the Establishment  
of the Secretariat for the CONTRACTING PARTIES to the  
General Agreement on Tariffs and Trade

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1. The sole responsibility for joint action required under the General Agreement rests, under the terms of the Agreement, upon the CONTRACTING PARTIES.<sup>a</sup>
2. In order to facilitate the discharge of the responsibilities resting upon the CONTRACTING PARTIES under Article XXV of the Agreement, the Secretary-General will appoint, after consultation with the CONTRACTING PARTIES, an Executive Secretary as chief executive officer of the CONTRACTING PARTIES. The Secretary-General will also appoint to the Secretariat of the CONTRACTING PARTIES, the staff required for the administration of the Agreement, and provide the necessary conference services. The Secretariat staff shall have their offices at \_\_\_\_\_.
3. The Executive Secretary and his staff shall operate under the substantive guidance of the CONTRACTING PARTIES, but shall be administratively under the control of the Secretary-General of the United Nations.
4. The expenses of the CONTRACTING PARTIES will be defrayed out of the budget of the United Nations and shall be embodied in a separate chapter of that budget.<sup>b</sup>
5. Contracting parties which are not members of the United Nations shall make contributions to the United Nations in accordance with an appropriate scale to be agreed upon with the Secretary-General of the United Nations.
6. The CONTRACTING PARTIES shall communicate directly with governments and vice versa.<sup>c</sup>

7. Relations between the CONTRACTING PARTIES and inter-governmental organizations and non-governmental organizations shall be regulated on the basis of such arrangements as the CONTRACTING PARTIES may make.<sup>d</sup>
8. The proceedings of the CONTRACTING PARTIES shall be conducted in accordance with the rules of procedure adopted by the CONTRACTING PARTIES, provided however that, insofar as the adoption or application of any such rule would involve additional expenditure, the CONTRACTING PARTIES shall consult with the Secretary-General before such adoption or application.
9. Similarly, such internal matters as distribution of documents, correspondence and archives, information arrangements, etc. shall be subject to rules established by the CONTRACTING PARTIES.
10. So far as possible, the existing staff of the Interim Commission for the International Trade Organization shall be transferred to the Secretariat of the CONTRACTING PARTIES.
11. The CONTRACTING PARTIES shall furnish the Economic and Social Council with an annual review of their activities.<sup>e</sup>
12. Appropriate administrative arrangements shall be made with the Secretary-General for giving effect to this understanding.<sup>f</sup>

Notes

- a. It is thought that it would be desirable to draw attention at the outset to the fact that this responsibility rests, by the terms of the Agreement, exclusively on the CONTRACTING PARTIES. As will be seen, the recognition of this basic fact is reflected in certain of the provisions of the various documents submitted.
- b. It is suggested that the supplementary administrative arrangements referred to in paragraph 12 of the Memorandum should provide for budget estimates to be prepared by the Executive Secretary in consultation with the United Nations Bureau of Finance and approved by the CONTRACTING PARTIES before being submitted by the Secretary-General to the Committee on Administrative & Budgetary Questions and the General Assembly. Moreover, provision should be made for the Assistant Secretary General for Finance & Administration, or his representative, to be present at and participate in the discussions of all meetings of the CONTRACTING PARTIES held for the purpose of discussing such budget proposals.
- c. This would appear to follow from point 1, since it is the CONTRACTING PARTIES as such which must deal with governments on matters arising out of the administration of the Agreement.
- d. Relations with the I.M.F. are regulated specifically by the General Agreement. Relations with other organizations will depend upon the requirements of the administration of the General Agreement and the general UN arrangements may not be appropriate.
- e. The last few words of this sentence have been placed between square brackets pending consideration of the form in which the CONTRACTING PARTIES would furnish such a review. It is thought that the CONTRACTING PARTIES might wish to decide to draw up

an Annual Report on their activities, in which case the words in square brackets might be replaced by .....  
"with a copy of their Annual Report!"

It is contemplated that the detailed arrangements for transfer of staff, budgetary procedure, administrative control, participation in pensions scheme, staff appointments etc. would be contained in this supplementary arrangement.

DRAFT ECOSOC RESOLUTION

THE ECONOMIC AND SOCIAL COUNCIL,

1. Having called, in Resolution 13 (I) of 18 February 1946, a United Nations Conference on Trade and Employment, which was held at Havana from November 21, 1947 to March 24, 1948, "for the purpose of promoting the expansion of production, exchange and consumption of goods";
2. Noting that the countries members of the Preparatory Committee for the Conference, appointed by the Council, and attending the Committee meeting in Geneva in 1947, negotiated under the sponsorship of the Preparatory Committee a General Agreement on Tariffs and Trade, to which Agreement they became contracting parties;
3. Noting further that additional countries have become contracting parties to the General Agreement on Tariffs and Trade as a result of further negotiations at Annecy, France in 1949 and at Torquay, England in 1950-51;
4. Recognizing that the General Agreement on Tariffs and Trade is a valuable instrument for achieving reductions in tariffs and other barriers to international trade, for facilitating consultation between governments on current problems of commercial policy, and for pursuing the objectives of higher standards of living, full employment, and conditions of economic and social progress and development set forth in Article 55 of the United Nations Charter;
5. Having considered the communication of \_\_\_ October 1951 addressed to the Council by the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade, in particular the statement of functions and activities of the CONTRACTING PARTIES, the expression of interest in their close association with the economic work of the United Nations, and the request for staff and conference services; and

6. Bearing in mind Resolution 413 (V) of the General Assembly and Resolution \_\_\_ (XII) of the Council itself regarding the concentration of efforts and resources devoted to economic and social work, and the need to avoid the proliferation and overlapping of international organizations:

1. Takes note of the communication of the CONTRACTING PARTIES to the GATT.

2. Approves the principles of the draft Memorandum of Understanding transmitted by the CONTRACTING PARTIES.

3. Authorises the President of the Economic and Social Council and the Secretary-General to agree with representatives of the CONTRACTING PARTIES on a definitive text of a Memorandum of Understanding for submission to the General Assembly, taking into account the principles of the draft memorandum referred to above.

4. Recommends that the General Assembly

(a) Authorise the Secretary-General to provide the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade with the staff and conference services required for the administration of the Agreement, and to appoint, after consultation with the CONTRACTING PARTIES, an Executive Secretary as chief executive officer for the CONTRACTING PARTIES; and

(b) Request the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade to furnish the Economic and Social Council with an annual review of their activities.

