

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## REVIEW OF THE AGREEMENT

### Proposal by the United States Delegation Agreement Establishing the Organization for Trade Co-operation

#### PART I - GENERAL

##### Article I - Establishment

There is hereby established the Organization for Trade Co-operation.

##### Article 2 - Functions

(a) The functions of the Organization shall be: (1) to facilitate inter-governmental consultation on questions relating to international trade, (2) to study questions of international trade and commercial policy, and to make recommendations thereon, (3) to sponsor multilateral trade negotiations, and (4) to administer the provisions of the General Agreement on Tariffs and Trade (hereinafter referred to as "the General Agreement") and, generally, to facilitate the operation of that Agreement.

(b) The Organization shall have no authority to alter the provisions of the General Agreement, or to impose any new obligation on a member government.

##### Article 3 - Membership

The members of the Organization shall consist of the contracting parties to the General Agreement which accept this Agreement pursuant to Article 19. Other countries may be admitted to the Organization upon approval of two-thirds of the Members of the Organization.

#### PART II - STRUCTURE OF THE ORGANIZATION

##### Article 4 - The Council

(a) The Council, consisting of the Members of the Organization, shall be the principal organ of the Organization, and, except as is otherwise provided for in this Agreement, shall carry out its functions. The Council shall establish its own rules of procedure, and rules and regulations for such subsidiary bodies as it may establish and for the Secretariat.

(b) The Council shall meet in regular annual sessions, and in such special sessions as may be convened in accordance with its rules of procedure.

#### Article 5 - Principal Subsidiary Body

The Council may, by two-thirds vote, establish a principal subsidiary body of the Council with such of its powers as will facilitate the work of the Organization. Such body shall consist of the Members of chief economic importance, in the determination of which particular regard shall be paid to their share in international trade, and Members representative of the principal geographic areas and different types of economies or degrees of economic development.

#### Article 6 - The Secretariat

(a) The Secretariat shall consist of the Executive Secretary, who shall be the Chief Administrative Officer of the Organization, and of such staff as may be required. The Council shall appoint the Executive Secretary and prescribe the duties of the Secretariat.

(b) The Executive Secretary shall appoint the staff and shall fix the duties and conditions of service of members of the staff in accordance with rules and regulations established by the Council.

#### Article 7 - Voting

(a) Subject to paragraph (b) of this Article, each Member shall have one vote in the Council; members of subsidiary bodies shall have one vote therein.

(b) In the exercise by the Organization of any function under the General Agreement, unless such agreement provides otherwise only Members which are also parties to such agreement shall be counted thereunder in determining the fulfillment of the respective voting requirements.

(c) Except as is otherwise provided in this Agreement, or in the General Agreement, actions of the Council in the exercise of the functions of the Organization thereunder shall be by a majority of the vote cast.

### PART III - BUDGET AND ADMINISTRATIVE PROVISIONS

#### Article 8 - Budget and Contributions

(a) The Executive Secretary shall submit to the Council for approval the annual budget of the Organization.

(b) Each member shall contribute annually to the Organization its share of the expenses as approved by the Council.

Article 9 - Relations with Other Intergovernmental Bodies

(a) The Organization shall as soon as practicable be brought into relationship with the United Nations as one of the specialized agencies referred to in Article 57 of the Charter of the United Nations. This relationship shall be affected by an agreement approved by the Council.

(b) The Council shall make arrangements with other intergovernmental organizations which have related responsibilities to provide for effective cooperation and avoidance of unnecessary duplication of activities.

Article 10 - Legal Status

(a) The Organization shall have in the territory of each member, and to the extent consistent with its law, such legal capacity as may be necessary for the exercise of its functions.

(b) The Organization shall have in the territory of each member, and to the extent consistent with its laws, such exemptions from taxation on the assets, income and other property of the Organization as may be necessary for the discharge of its functions.

Article 11 - Amendments

Amendments to this Agreement shall become effective, in respect of those Members which accept them in accordance with their respective constitutional processes, upon acceptance by two-thirds of the members of the Organization and thereafter for each other member upon acceptance by it.

Article 12 - Withdrawal

Any member may withdraw from the Organization. The withdrawal shall take effect on the expiration of six months from the date on which written notice is received by the Secretary-General of the United Nations.

PART IV - SPECIAL FUNCTIONS RELATING TO THE GENERAL AGREEMENT

Article 13 - General

In addition to such specific functions as are provided for in this Part, the Organization shall be the body to receive reports, conduct studies, circulate proposals, sponsor consultations and negotiations, and make decisions in any case in which such functions are required or appropriate to carry out the purposes of the General Agreement.

Article 14 - Nullification or Impairment

(a) If a claim of nullification or impairment of a benefit accruing under the General Agreement is referred to the Organization, it shall promptly investigate the matter and shall make appropriate recommendations to the contracting parties to that Agreement which they consider to be concerned, or give a ruling on the matter, as appropriate.

(b) If the Organization considers that the circumstances are serious enough to justify such action, it may authorize a contracting party or parties to suspend the application to any other contracting party or parties of such tariff concessions or other obligations under the General Agreement as it determines to be substantially equivalent in the circumstances. If the application to any contracting party of any obligation or concession is in fact suspended, that contracting party shall then be free, not later than 60 days after such action is taken, to give written notice to the Secretary-General of the United Nations of its intention to withdraw from the General Agreement and such withdrawal shall take effect upon the sixtieth day following the day on which such notice is received by him.

Article 15 - Waivers in Exceptional Circumstances

In exceptional circumstances not elsewhere provided for in this Agreement or in the General Agreement, the Organization may waive an obligation imposed by the General Agreement upon a contracting party thereto; Provided, that any such waiver shall be approved by a two-thirds majority of the votes cast and that such majority shall comprise more than half of the Members. The Organization may also by such a vote (i) define certain categories or exceptional circumstances to which other voting requirements shall apply for the waiver of obligations imposed by the General Agreement, and (ii) prescribe such criteria as may be necessary for the application of this Article.

Article 16 - Accession

A government not party to the General Agreement, or a governments acting on behalf of a separate customs territory possessing full autonomy in the conduct of its external commercial relations and of other matters provided for in that Agreement, may accede to the General Agreement, on its own behalf or on behalf of that territory, on terms to be agreed between such government and the Organization. Decisions of the Organization under this Article shall be taken by a two-thirds majority of the Members thereof.

Article 17 - Compulsory Withdrawal

(a) The Organization may specify a period within which amendments to the General Agreement should be accepted, and may decide that any such amendment is of such nature that any contracting party to that Agreement which has not accepted the amendment within such period shall be free to withdraw from the General Agreement or to remain a contracting party with the consent of the Organization.

(b) At any time after the entry into force of the General Agreement, those Members which have accepted it may decide that any contracting party which has not accepted it shall cease to be a contracting party.

Article 18 - Continuation of Provisions of This Part

The Members shall not modify the General Agreement in such a manner as to provide for procedures other than consultation, negotiation, and recommendation, for dealing with the situations to which Articles 14 to 17 are applicable.

PART V - FINAL PROVISIONS

Article 19 - Entry Into Force

(a) The original of this Agreement shall be open for acceptance, by signature or otherwise, at Geneva on February \_\_\_\_\_, 1955. It shall thereafter be deposited with the Secretary-General of the United Nations, and on and after \_\_\_\_\_ it shall be open for such acceptance at the Headquarters of the United Nations.

(b) This Agreement shall enter into force on the thirtieth day following the day on which it shall have been accepted by all governments which are at that time contracting parties to the General Agreement. If by \_\_\_\_\_, 1955, it shall not have entered into force pursuant to the foregoing provision, those contracting parties to the General Agreement which have accepted it may, notwithstanding the provisions of Article 3, agree to put it into force among themselves.

(c) Any government may accede to this Agreement upon approval by the Council, signified by a two-thirds vote of all the members, and upon terms which shall be established by the Council. Accession shall be effected by depositing an instrument of accession with the Secretary-General of the United Nations.

Article 20 - Relation to Amendments to the General Agreement

If this Agreement enters into force before the entry into force of amendments to the General Agreement contained in the Protocol Amending the General Agreement, dated February \_\_\_\_\_, 1955, this Agreement shall, until the entry into force of such amendments, be applied as if all references in the General Agreement to "the CONTRACTING PARTIES" were references to the Organization.

Article 21 - Notification and Registration

(a) The Secretary-General of the United Nations shall promptly furnish a certified copy of this Agreement, and a notification of its entry into force, and of each acceptance thereof, accession thereto, or withdrawal therefrom, to each contracting party to the General Agreement, to each member of the United Nations which is not such a contracting party, and to all specialized agencies of the United Nations.

(b) The Secretary-General is authorized to register this Agreement in accordance with Article 102 of the Charter of the United Nations.

Done at Geneva, in a single copy, in the English and French languages, both texts authentic, this \_\_\_\_\_ day of February, one thousand nine hundred and fifty-five.

NOTE: The following would be deleted from the General Agreement: (1) the last four sentences of Article XXIII:2; (2) Article XXV; (3) the last nine words of the first sentence, and the second sentence of Article XXX:2; (4) Article XXXII:2, and (5) Article XXXIII.