

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## JOINT GATT/UNCTAD TRADE CENTRE

### Note by the Director-General

In document L/2839 on "Relations between GATT and UNCTAD - Export Promotion" dated 31 August 1967, the CONTRACTING PARTIES were advised of the circumstances leading to the agreement reached with the Secretary-General of UNCTAD on a draft proposal for the establishment of a joint GATT/UNCTAD International Trade Centre. The basic elements of the proposal (see annex) were outlined in that document. To facilitate the consideration of the matter by the CONTRACTING PARTIES at their forthcoming Twenty-Fourth Session, this note sets out certain additional details relating to the proposal for a joint Centre, particularly in regard to the administrative and financial aspects.

The GATT International Trade Centre has been operated on the basis of a well-defined programme and a budget that is adequate for carrying out this programme. The programme for 1968 is embodied in document L/2807, which contains the report of this year's meeting of the Advisory Group of Experts on Trade Information and Promotion Services; the budget needs for this programme have been incorporated in the budget estimates of the secretariat for 1968, which the Committee on Budget, Finance and Administration has examined and recommended for adoption by the CONTRACTING PARTIES. These resources, which include supporting staff and services from other divisions of the GATT secretariat would continue to be available to the joint Centre whenever the GATT Centre is merged into the proposed joint operation.

If the joint Centre comes into operation on 1 January 1968, these resources will need to be supplemented to the extent of the anticipated increase in requests for the services of the Centre within the framework of the existing programme. There would also be certain additional unavoidable expenses arising directly from the joint operational control of the Centre, e.g. there would be need for more reporting by the Director of the Centre to the heads of the two secretariats; administration of joint personnel and financial resources would require the strengthening of the administrative and financial services; additional staff would need office space and supporting services. In order to meet these additional

expenses, the Secretary-General of UNCTAD is taking action through the appropriate organs of the United Nations to include in the UNCTAD's budget for 1968 an additional amount of \$90,000. The UNCTAD will also make available certain supporting services from resources already provided for in its 1968 budget. This is an ad hoc arrangement for 1968, which must be regarded as a transitional period.

The following arrangements, some of which can become fully effective only in 1969, are envisaged in regard to the operation of the joint Centre:

#### Functions of the Centre

The terms of reference and functions of the joint Centre would remain basically the same as those of the present GATT Trade Centre, except that the joint Centre would in addition provide personnel and substantive support for export promotion projects financed under United Nations technical co-operation programmes. The GATT Centre's services are designed to provide developing countries with information on export markets and marketing, and to help them develop their export promotion services and train the personnel needed for these services. The joint Centre will have the same objectives. It will not deal with matters of trade policy such as removal of tariff and non-tariff barriers, preferences, support for regional integration efforts, etc., which are clearly outside its competence. The Centre will utilize to the fullest extent the knowledge and expertise available in other agencies of the United Nations system in regard to special aspects of export promotion, and it is expected that in appropriate cases arrangements will be made for the joint operation of projects (e.g. joint field missions, joint operation of training courses) by the Centre and other United Nations bodies, such as FAO, ILO, UNIDO and the Regional Economic Commissions.

#### Governmental supervision of the Centre

An annual report on the Centre's activities would be submitted to the CONTRACTING PARTIES and to the Trade and Development Board of UNCTAD, who, as the governing bodies, would exercise governmental supervision. It has been suggested that the CONTRACTING PARTIES and the Trade and Development Board may wish to establish a joint advisory group of government trade promotion experts (similar to the GATT Advisory Group on Trade Information and Trade Promotion Services), which would function in the same way as the GATT Advisory Group, i.e. advising on the annual programme. The Group would be open to members of all governments of the two organizations, and should consist of government representatives who are experts in the field of export promotion.

If the CONTRACTING PARTIES and the Trade and Development Board should decide on the setting up of a joint advisory group, meetings of the group would be held each year in time for the views of the group on the work programme to be available to the financial organs of the GATT and the United Nations when they consider the budget of the Centre for the following year.<sup>1</sup>

#### Resources of the Centre

The Centre would need resources for two basic types of activities: firstly, activities included in the Centre's regular work programme, which by their nature cannot be financed from funds available under United Nations technical co-operation programmes, and for which, therefore, provision has to be made in the budget of the Centre, secondly, other projects for which funds could be provided from the UNDP (both the Special Fund and Technical Assistance) or from the United Nations regular technical assistance programme. For the sake of brevity, the former may be described as administrative and research activities and the latter operational activities.

##### (i) Budget provision for administrative and research activities

Administrative and research activities would include the running of the Centre and its supervision; administrative and financial servicing, market research in response to requests made to the Centre for trade information; research on products of interest to several developing countries; production of pamphlets on export techniques especially angled for use by developing countries; and continuing guidance and backstopping, including preparatory work, for technical assistance field missions.

The expenses for administrative and research activities would be shared equally between the United Nations and GATT, provided that this does not lead to a net reduction of the total funds presently available to the GATT Centre from the GATT budget. The share of the United Nations would be included in the regular budget of the United Nations as a separate chapter in the UNCTAD section (Section 19 in 1968). The share of GATT would be included as a separate item in the GATT budget estimates. Although the expenses would be shared, the full estimates for the Centre would be shown for information purposes in the budget of each organization. After they have been approved in accordance with the relevant procedures, as described below, the respective contributions of GATT and UNCTAD would constitute a single budget for the Centre.

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<sup>1</sup>In 1968 it will not be practicable for the group to meet before the close of the UNCTAD Second Conference.

The budget estimates of the United Nations are considered by the Advisory Committee on Administrative and Budgetary Questions at its spring session. The comments of the Committee would be available to the Committee on Budget, Finance and Administration of GATT when it considers the GATT budget. The GATT Committee would report on the budget estimates to the GATT Council, which in turn would report to the CONTRACTING PARTIES, who would then approve GATT's share of the budget at their late autumn session. Similarly, the United Nations share of the Centre's budget would be approved by the General Assembly during its regular session on the basis of the recommendations of the Advisory Committee and the Fifth Committee.

(ii) Funds for operational activities

Operational activities would be concerned mainly with country projects and training schemes. These activities would include such services as provision of experts to help developing countries to establish their export promotion and marketing services; comprehensive studies of export markets for individual countries; provision of training facilities through fellowship arrangements, organized training courses and seminars; and other projects for trade promotion assistance directed to the specific needs of individual requesting countries. All these types of projects would have as their origin requests from governments submitted through the normal United Nations or UNDP channels; and could be either country, regional or inter-regional in scope.

The expenses of such operational activities of the Centre would be defrayed out of resources drawn from the UNDP, and the United Nations regular programme of technical assistance. Reference to the UNDP includes not only the Technical Assistance sector of the UNDP, but also the Special Fund. Certain types of projects would be eligible for financing from the Special Fund, e.g. the establishment of a foreign trade institute in a developing country, or the organization of a joint product promotion council by a number of developing countries interested in the same product.

In addition to resources provided through the regular budget and through technical co-operation programmes, it is expected that the Centre would continue to have the support of unilateral contributions made by government and quasi-government agencies and foundations in the developed countries. Such contributions to the GATT Centre have been in the form of money; secondment of personnel to the Centre's staff or for overseas advisory missions; and operation of training courses as well as fellowships therefor. Unilateral contributions would be utilized for operational as well as administrative and research activities.

### Direction of the Centre

As stated in paragraph II of the annex, the Centre will be headed by a Director appointed by agreement between the Director-General of GATT and the Secretary-General of UNCTAD. In the discharge of his duties, the Director would act under the joint guidance of the Director-General of GATT and the Secretary-General of UNCTAD, who would each designate a senior officer from their respective staffs to assist them for this purpose. It would be premature to spell out in detail the manner in which joint guidance of the Centre will be effected in practice. It will have to be applied in a flexible and pragmatic way on the basis of experience gained in the initial stages of the joint operation. It is expected that there will be close contact between the two officers and the Director of the Centre, and that the Director-General of GATT and the Secretary-General of UNCTAD will follow the development of the Centre's programme and consult on any major policy questions that may arise.

### Administrative and financial arrangements

The Director of the Centre will carry out the Centre's work programme within the regular budget as adopted by the General Assembly and by the CONTRACTING PARTIES. This budget will be administered as a single entity by an administrative officer in the Centre working under the joint supervision of the Chiefs of Administration of GATT and UNCTAD.

All administrative actions taken by this officer in respect of activities covered in the regular budget of the Centre would be conducted under the financial regulations and rules and, unless otherwise specified, administrative procedures of GATT.<sup>1</sup> In the daily performance of his duties the administrative officer would draw to the maximum extent possible on the existing facilities of GATT and UNCTAD. GATT would be expected to deal with personnel actions, make payments and keep accounts relating to the regular budget of the Centre. For its part, the United Nations would be expected to provide ancillary services in the field of languages, documents, printing and general services.

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<sup>1</sup>In accordance with the decision of the CONTRACTING PARTIES, the financial regulations and rules of the United Nations as far as appropriate and for the time being are applied to the financial administration of GATT.

The staff of the Centre would be placed under the supervision of the Director, all new professional staff members being appointed in agreement between the two organizations. Members of the Centre's staff who are already members of the staff of GATT or UNCTAD would be either detailed or seconded to the Centre for the duration of their assignment. New staff members could be recruited directly for the Centre; in that case, however, they would have no automatic rights to re-employment in the GATT or United Nations. They too would be administered under GATT staff regulations and rules.<sup>1</sup>

The expenses under the regular budget of the Centre would be audited by the external auditors of GATT, a copy of the audit reports being sent to the United Nations Advisory Committee on Administrative and Budgetary Questions and to the General Assembly.

Expenditures under the UNDP Technical Assistance or Special Fund and those under the United Nations regular programme of technical assistance would be made on the authorization of the United Nations Office of Technical Co-operation. Such expenditures would be accounted for by the United Nations in accordance with its financial regulations and rules.

Voluntary contributions to the Centre for its operations activities would be governed by Financial Regulations 7.2 and 7.3 of the United Nations. Disbursements would be made for purposes consistent with the policies, aims and functions of the Centre and would be made by its Director in accordance with the policy guidance of the Director-General of GATT and the Secretary-General of UNCTAD. The expenditure of voluntary contributions would be accounted for by GATT and audited by its auditors.

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<sup>1</sup>In accordance with the decision of the CONTRACTING PARTIES, the personnel regulations and rules of the United Nations as far as appropriate and for the time being are applied to the personnel administration of GATT.

ANNEX

Proposal for the Establishment of a Joint  
GATT/UNCTAD International Trade Centre

I. Within the United Nations Export Promotion Programme, in which UNCTAD and GATT are participating, there would be established a joint International Trade Centre, for the purpose of assisting the export promotion efforts of the developing countries by:

- (a) providing trade information;
- (b) providing trade promotion advisory services;
- (c) arranging training in export promotion;
- (d) undertaking studies on specific aspects of trade promotion and marketing;
- (e) providing substantive support for export promotion projects financed under United Nations technical co-operation programmes.

II. The Centre would be headed by a Director appointed by agreement between the Secretary-General of UNCTAD and the Director-General of GATT. In the discharge of his duties, the Director would act under the joint guidance of the Secretary-General of UNCTAD and the Director-General of GATT, who would each designate a senior officer from their respective staffs to assist them for this purpose.

III. An annual report on the Centre's activities would be submitted to the Trade and Development Board of UNCTAD and to the CONTRACTING PARTIES of GATT, who would make appropriate recommendations and take appropriate steps for provision of budgetary resources for the programme recommended. The Trade and Development Board and the CONTRACTING PARTIES may wish to establish a joint advisory group consisting of government experts. This group would meet annually to review the activities of the Centre and formulate recommendations to the governing bodies. The report on the Centre would also be made available to the co-ordinating body of the United Nations Export Promotion Programme.

IV. The budget of the Centre would be shared between UNCTAD and GATT.

V. The operational activities of the Centre would be financed primarily through technical co-operation projects requested by governments under the United Nations technical assistance programmes and through voluntary contributions to the Centre in the form of money and services.

VI. In addition to its own resources, the Centre would rely to the fullest extent possible on the existing staff and facilities of the United Nations, UNCTAD and GATT.

VII. Administrative and financial arrangements would be worked out jointly and kept as flexible as possible to ensure the most expeditious and efficient operation of the Centre. Newly recruited professional staff of the Centre would be appointed by agreement between UNCTAD and GATT.