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GENERAL AGREEMENT ON TARIFFS AND TRADE

CONTRACTING PARTIES
Twenty-Fourth Session

JOINT GATT/UNCTAD INTERNATIONAL TRADE CENTRE

Report by Working Party

1. The Working Party was established by the twenty-fourth session of the CONTRACTING PARTIES with the following terms of reference:

> "To examine the proposals put forward by the Director-General (L/2839 and L/2890) in respect of the formation of a joint GATT/UNCTAD International Trade Centre, and to report to the CONTRACTING PARTIES."

2. The Chairman of the Working Party was Mr. J. Kaufmann (Netherlands) and the membership consisted of:

Argentina	France	Japan
Australia	Germany, Fed. Rep. of	Nigeria
Austria	Guyana	Sweden
Brazil	India	Switzerland
Canada	Israel	United Kingdom
Ceylon	Ivory Coast	United States
		Yugoslavia

The Commission of the European Communities, United Nations/UNCTAD and the Food and Agriculture Organization also participated.

Introduction

3. The Working Party addressed itself in turn to each of the aspects of the proposed arrangements, as set out in document L/2890, i.e. the functions of the Centre, governmental supervision, direction, resources, and administrative and financial arrangements. At the request of members of the Working Party the representatives of UNCTAD gave information on developments in the United Nations, where the proposed joint Centre was also under consideration, and clarified a number of points concerning technical assistance operations of the UNDP and budgetary and administrative procedures followed by the United Nations.

4. Members of the Working Party wish to place on record the strong and unanimous support of their governments for the proposal by the GATT and UNCTAD secretariats to create a strong, dynamic and flexibly functioning Trade Centre entrusted with sufficient responsibility and authority to meet the urgent and growing demands of the developing countries in the export promotion field.

Joint operation of the Centre

5. The Working Party agreed to recommend to the CONTRACTING PARTIES that the International Trade Centre should be operated jointly by GATT and UNCTAD as from 1 January 1968. The working arrangements would during 1968 be of an interim character on the basis of the work programme and budget already approved by GATT, with an additional financial contribution by UNCTAD subject to final approval by the United Nations.

6. During the interim period the Centre budget and work programme will be operated as at present, with UNCTAD participation, according to arrangements to be made between the Director-General of GATT and the Secretary-General of UNCTAD. The Working Party recommends that permanent procedures should be determined by the CONTRACTING PARTIES after they have had the opportunity to examine the definitive proposals put forward by the two executive heads in the light of the experience of the interim arrangement either at the twenty-fifth session or before the end of 1968. It is assumed that similar action will be taken by the appropriate United Nations organs. Such permanent procedures, to be approved by the respective governing bodies, would be implemented as from 1 January 1969, or as soon as possible thereafter. The main questions to be settled before permanent arrangements can become operative, are referred to below.

Functions

7. The Working Party agreed to recommend that the proposals concerning the general functions of the Centre, as set out in page 2 in document L/2890, should be endorsed. The possibility to revise these functions in the light of experience gained and subject to decision by the UNCTAD Board and the CONTRACTING PARTIES should, however, be provided for. In this connexion all members of the Working Party emphasized that the primary objective of forming a joint Centre should be to provide benefits to the developing countries over and above the present level. Only if this were achieved could the joint operation of the Centre serve a useful purpose.

8. It was suggested in the Working Party that the trade promotion work of the Centre should concern not only the export promotion aspect, but that it was important that the Centre, in order to become fully effective, should in addition provide for active measures to promote imports from developing countries into the markets of the developed countries.

9. Though the Centre would not be concerned with the negotiation of trade policy issues such as tariffs, non-tariff barriers, preferences, etc., which were outside the competence of the Centre, several members of the Working Party pointed out that the Centre should be more fully equipped to provide information on the factual aspects of these matters to countries who requested it.

10. The Centre would collaborate with the bodies and organizations represented in the United Nations Export Promotion Programme, utilizing to the fullest extent possible the knowledge and expertise available in these agencies in regard to special aspects of export promotion. Although the Working Party recognized that details about co-operative arrangements between the Centre and other agencies should be determined through discussions between the agencies concerned, it endorsed the suggestion contained in L/2890 looking toward the possibility of joint operation of projects by the Centre and other United Nations bodies such as FAO, ILO, UNIDO and the Regional Economic Commissions. It was felt important that the Centre should intensify contacts already established by the GATT Centre and further develop contacts with other intergovernmental agencies and non-governmental organizations active in the field of export promotion. It was understood that the Director-General of GATT and the Director of the Trade Centre would participate in the meetings of the co-ordinating body of the United Nations Export Promotion Programme.

Governmental supervision

11. The Working Party agreed with the proposal that, while governmental supervision of the Centre would be exercised by the CONTRACTING PARTIES and the UNCTAD Board, to whom an annual report on the Centre's activities should be submitted, there should be established a joint advisory group along lines and with terms of reference similar to those of the already existing group in GATT, with the principal task of advising on the work programme and activities of the joint Centre. The group would in principle be open to any government, member of UNCTAD or GATT, who would be prepared to provide an expert on trade promotion. It was however important to ensure that any government interested in a matter under consideration in the group should be able to participate in it.

12. The Group would meet annually to review the activities of the Centre and formulate recommendations on its future work programme to the governing bodies.

13. Meetings of the Advisory Group would be open to observers from other competent bodies within the United Nations.

Direction of the Centre

14. The Working Party agreed to recommend that the Centre should be, as of 1 January 1968, headed by a Director appointed in agreement between the Director-General of GATT and the Secretary-General of UNCTAD and responsible to them in the discharge of his duties.

15. The Working Party felt that it would be premature to spell out in detail how the joint guidance of the Centre would be effected in practice. It was emphasized, however, that the Director in the discharge of his day-to-day duties in connexion with the carrying out of the Centre's work programme, should have sufficient degree of autonomy to permit the smooth functioning of the Centre. He would, however, be guided in policy matters by the executive heads.

16. The question of the grading of the post of the Director was raised in the Working Party. It was felt that this matter should be arranged so as to make the grading of this post commensurate with the wider responsibilities that it will carry in future, and it was agreed to recommend to CONTRACTING PARTIES that the Director-General should be authorized to take up this matter with the Secretary-General of UNCTAD at an appropriate time.

Resources of the Centre

17. During the interim period, and in accordance with the first sentence of paragraph 6 above, the Centre's resources for covering its activities concerning trade information, market research, publications, trade promotion advisory missions, training and in general all expenses relating to the running of the Centre, will consist of the amount included for this purpose in the GATT budget for 1968, voluntary contributions by governments, and an additional $90,000 to be provided by United Nations/UNCTAD.

18. The Working Party does not wish to recommend any rigid formula to be applied to the Centre's regular budget. The Working Party expressed the view that in whatever way the budget was shared when the permanent arrangements were implemented it should not lead to a reduction of the funds available to the Centre in the budget for 1968. Some delegations envisaged that the United Nations/UNCTAD contribution should be built up over a period to the level of the GATT contribution to the 1968 regular budget, with further expenses to be shared equally. Others felt that the regular budget should be shared equally between the two organizations from 1969 onwards.

19. As regards detailed procedures for approval and control of the Joint Centre budget after 1969, the Working Party felt that this was among the matters which should be further studied during the interim period, with a view to working out appropriate arrangements for approval by the governing bodies. However, the Working Party recommends that for 1969, in order that there should be no delay in the implementation of the joint Centre, the Centre's regular budget would be shared between the United Nations and GATT, it being recognized that the share of the United Nations would be included in the budget of the United Nations and the share of GATT would be included in the GATT budget estimates.

20. It was recognized that the United Nations technical co-operation programmes could, on the basis of requests by governments, bring about a substantial increase of the Centre's activities, and the Working Party expressed the hope that every effort would be made to ensure that UNDP resources were made available for export promotion activities of the Centre. With respect to the rôle of the Centre in providing substantive support under United Nations technical co-operation programmes, the Working Party noted that requests for such support in the form of missions and experts could bring with them their own financing, and that the Centre should be able to absorb the additional tasks. The point was also raised that it was desirable to explore the possibilities for having the Centre established as an executing and participating agency of the UNDP for the purpose of carrying out directly technical assistance programmes funded by this agency.

21. The Working Party agrees that administrative and financial arrangements, which would be worked out jointly by GATT and UNCTAD, should be kept as flexible as possible. The Working Party does not at this stage wish to make any detailed recommendations as regards e.g. recruitment procedures, application of financial regulations, etc., but feels that the secretariats should continue to consult with each other on these matters. In the interest of flexibility and economy, the Working Party endorses, however, the specific suggestion that GATT should continue to deal with personnel actions, make payments and keep accounts relating to the regular budget of the Centre, and that GATT staff rules and regulations should apply.