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REPORT OF COMMITTEE V

(Administration and Organization)

to the

PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE
ON TRADE AND EMPLOYMENT

(Prepared by the Joint Rapporteurs in
consultation with the Secretariat)

PART I

OUTLINE OF THE WORK OF THE COMMITTEE

1. Committee V was established to consider the setting up of the proposed International Trade Organization from the organizational standpoint. Its duty was to discuss the ideas of the various Delegations, to elaborate the principles upon which an efficient organization can be established, and to draft so much of a constitution for the Organization as could be agreed upon at this initial stage of the proceedings. It was understood that final agreement could not be implied even as to such provisions as were generally accepted by all the Delegations.
2. The Committee elected Mr. LYNN R. EDMISTER (United States) as its Chairman and Senhor HELIO de BURGOS CABAL (Brazil) as its Vice-Chairman. Mr. LESLIE BURY (Australia) and Dr. D.Y. DAO (China) were elected Rapporteurs. The Committee held fifteen meetings.
3. The Committee found it useful at the outset to adopt as the basis for discussion the United States Draft Charter. Appreciation was expressed of its value for this purpose. An agenda was drawn up accordingly designed to deal first with the Articles which were not dependent upon the decisions of the other Committees, and then, to take up the other Articles in the light of the action taken by those Committees. It was understood that Delegations could treat the subject matter on a wider footing whenever they chose and many of the Delegations introduced papers on specific matters during the discussions which proved to be of great value to the Committee in its work. The Committee also had the benefit of a statement by Mr. TAIT of the International Labour Organization as to the operation of the permanent seat system in the executive organ of that body.

4. The Committee's plan of action was to discuss two or three Articles of the United States Draft Charter, to gather the suggestions, ideas and proposals of the various Delegations as to those Articles, and then to refer the material to special 'ad hoc' Sub-Committees composed of those members who had taken the most active part in the discussion of these Articles. Fortunately, these Sub-Committees were always able to reach unanimous agreement as to the matters assigned to them and their recommendations were usually accepted by the full Committee without substantial change.

5. Committee V has been able to recommend to the Plenary Session agreed texts covering all the matters assigned to it with the exception of an Article on the Purposes of the Organization, detailed discussion of which the Committee felt would be premature at this time, and of the Articles relating to Voting and Membership of the Executive Board on which many Delegations made comments and proposals. These the Committee recommends should be referred to the Interim Drafting Committee for the drafting of alternative texts. The Committee left to the other Committees whose interest was more direct and substantial the Articles dealing with the specific functions of the Commissions.

PART II

It will be appreciated that the work of Committee V depended very largely on the outcome of the proceedings of other Committees. For this reason, it was impossible to carry many matters concerning administration and organization to an advanced stage of discussion. In drafting this report, the narrative form has been adopted, largely because it seems more suited to the basic purpose of this First Session of the Preparatory Committee, namely that it should aim at an exchange of views rather than at any attempt to reach final conclusions. On some issues, particularly those of a potentially controversial nature, many ideas and views were exchanged between Delegates which, though not leading to agreement now, should be helpful to all concerned at the next meeting of the Preparatory Committee. An endeavour has been made in this report to deal more fully with such issues than with those on which agreement was general or with respect to which the discussion was abortive.

A. PURPOSES

An alternate draft of Article I covering Purposes was circulated by one of the Delegations but it was agreed that any discussion on this subject should be postponed until the structure of the Organization could be seen as a whole.

B. MEMBERSHIP AND FUNCTIONS

1. The provisions of the United States Draft Charter relating to membership of the Organization were generally approved. It was agreed that the original Members of the Organization should be those countries represented at the Conference which accept the Charter by a given date or, in the event of the Charter not being brought into force by that date, the countries which agree to bring the Charter into force among themselves.

With reference to the admission of new Members, however, it was decided that the authority of the Conference to act in this matter on its own initiative should be made clear and that while such admission might be sponsored by the Executive Board, the prior recommendation of the Board should not, as in the case of the Security Council, be a pre-requisite to Conference approval.

2. In considering the functions of the Organization, the point was made that it might prove necessary to amplify or expand the provisions of this Article to correspond with possible new chapters of the Charter dealing respectively with Employment Policy and Industrial Development. One Delegation considered that the implications of the provision concerning technical advice and assistance to Members and to other international organizations were not sufficiently clear and entered a reservation that at the appropriate time the responsibilities to be undertaken by the International Trade Organization in this respect would need to be more precisely determined. It would have to be decided, for example, whether the intention was that the International Trade Organization should employ a large staff of technical experts or whether it should act merely as a clearing house to which governments could turn for assistance and advice. There was general agreement to a proposal that the International Trade Organization should not only endeavour to bring about international agreements on matters within its competence, but should actively promote their acceptance by Members.

It was explained that the term "arts" in the Charter was intended to be interpreted broadly, and to include copyright for designs of many kinds. Bilateral agreements under this provision would certainly not be barred but for the most part the widest possible application was desirable. It was emphasized that the provision concerning co-operation with the United Nations in the restoration and maintenance of international peace and security was specifically intended to ensure that the Organization would possess all the constitutional authority necessary to enable it to assist the Security Council if called upon to do so. Emphasis was given also to the desirability of co-operating closely with the United Nations and other specialized agencies in achieving an economy of effort in the carrying out of the functions of the Organization.

C. THE CONFERENCE

1. The provisions of the United States Draft Charter relating to Conference membership, sessions, procedure and officers were approved without change. Consideration was given to the question of whether the President of the Conference should be elected annually or for each session, the majority opinion favouring the former arrangement on the grounds that procedural delays would thereby be avoided in the event of special sessions being convened. It was also agreed to recommend that when the rules of procedure of the Conference are being drafted, consideration should be given to the possibility of including some appropriate provision which would enable a special session to be called at the request of less than a majority of the Members. Such a provision might apply, for example, in connection with appeals against decisions of the Executive Board.

2. In discussing the powers of the Conference to suspend, in exceptional circumstances, obligations undertaken by Members under the general commercial policy provisions of the Charter, it was suggested that this power might be extended to cover all Charter obligations. It was stressed that the waiving of such obligations was intended to apply only in cases of an exceptional nature, involving hardship to a particular Member, which were not covered by specific escape clauses. It was finally agreed that all the obligations undertaken by Members, pursuant to the Charter, should come within the purview of this general provision.

3. As regards the apportionment of expenses, some delegates urged the adoption of the same relative scale of contributions as used in the case of the United Nations, on the grounds that difficulties attendant upon the working out of a new scale would thus be avoided. However, as the decision on the United Nations scale of contributions had not yet been made known and the question of voting in the Organization and of membership of the Executive Board had still to be decided, it was considered impossible to do more at this stage than recommend that, in the absence of any other agreed arrangement, apportionment of expenses should follow the general principles adopted by the United Nations.

4. In discussing the powers of the Conference to establish procedures required for making the determinations and recommendations as provided elsewhere in the Charter, one delegate desired that a two-thirds majority should be required in important matters. There was a difference of opinion as to whether Committee V was exclusively competent to decide on questions of voting arrangements in respect of matters under discussion by the other Committees.

However, it was agreed that, in the absence of any proposals for alterations by the other committees, it would be best to adhere to the broad principle that all decisions, except possibly those of a very important nature, should be voted by a simple majority.

5. Since it was agreed that one of the functions of the Organization should be to make recommendations for international conventions and agreements on matters within its competence, it seemed desirable that a provision to this effect should be included among the powers and duties expressly conferred upon the Conference. To this end, agreement was reached on a provision (based on the corresponding Article of the Constitution of the World Health Organization) authorizing the Conference to develop and recommend conventions and agreements for Members' acceptance and requiring Members to give such recommendations due consideration and to decide, within a reasonable time, either to accept or to reject them.

D. VOTING AND EXECUTIVE BOARD MEMBERSHIP

1. In the discussion on voting divergent schools of thought emerged as to whether some formal provision should be made in the Charter whereby differences in importance in international trade of individual Members would be reflected in the measure of control they would exercise over the affairs of the International Trade Organization. One school maintained that the democratic approach to the problem was to allow an equal voice and vote to all Members and that the successful functioning of the Conference would depend in large measure upon a feeling of equality. Certain delegates, however, contended that because the International Trade Organization will be a functional rather than a political body, it would not be democratic to permit those with a smaller proportionate share of international trade to overrule those whose share was much larger, merely by virtue of their larger number of separate votes.

It was also suggested that it would be anomalous to have only one vote for countries having responsibility for dependent territories, the economies of which differed radically from their own and some of which had an effective measure of autonomy in matters covered by the Organization. The majority of delegations favoured in principle the system of one country one vote, but several who did so expressed willingness to consider alternatives. In the course of discussion, many shades of opinion were discernible, but it was generally agreed that at this stage a full exchange of views was more desirable than any attempt to reach final agreement.

Two broad alternatives to the United States Draft Charter were advanced: a system of weighted voting in the Conference, and permanent seats on the Executive Board. The interdependence of these two possibilities was recognized by discussing them in conjunction.

2. Weighted Voting

Several delegates declared their difficulty in expressing any definite views on this subject without considering concrete schemes. A paper was subsequently circulated suggesting that consideration should be given to a weighted system of voting both in the Conference and Executive Board, based on a formula which provided for:

- (a) a basic number of votes for each country, and
- (b) a number of votes based on total external trade, plus perhaps
- (c) a number of votes based on national income.

It was also suggested that the incidence of voting should be revised periodically to take account of the changing relative position of Member countries - a factor which some delegates thought might be provided for by criteria measuring potential development. A ceiling for the number of votes which any one country might have was subsequently proposed. In advancing these proposals the arrangements made in connection with the International Labour Organization, the International Monetary Fund, the International Bank for Reconstruction and Development and the Provisional International Civil Aviation Organization were quoted as precedents for a differential system in connection with membership of the Governing Body. ILO arrangements were explained by a representative of that Organization. Certain delegates thought that some of these precedents were irrelevant and stressed the difficulty of reaching any kind of formulae which would be acceptable to all potential Members, together with the protection afforded to Members by the requirement of an affirmative vote of two-thirds of the Conference for decisions on crucial issues.

Others only discussed the proposals on the hypothesis of a weighted system being adopted, without prejudice to their preference for the one nation one vote principle. The criteria put forward were criticized on the following grounds:

(i) Undue weight would be given to small countries with a large external trade at the expense of countries with a large population whose external, as compared with internal, trade is relatively small.

(ii) From the democratic point of view population should be given the greatest weight.

- (iii) National wealth would be a preferable criterion to national income.
- (iv) Countries, relatively more dependent on international trade than others should have extra voting strength accordingly.
- (v) National Income would weight voting in favour of Members whose international trade was relatively less important to themselves.
- (vi) The interests of less developed countries would be insufficiently safeguarded.
- (vii) The methods of estimating the figures on which the criteria depended differed considerable from country to country.
- (viii) The proposals were not clear as far as voting on the Executive Board was concerned.

It was suggested that the question should be referred to the Interim Drafting Committee for the formulation and exposition of alternative schemes of weighted voting which governments might consider although doubt was expressed as to whether this function would be within its terms of reference.

3. Executive Board - Membership

Many of the Committee, including among their number both the sponsors and opponents of weighted voting, felt that there should be provision for permanent seats on the Executive Board for Members of chief economic importance. Several delegates, though favouring equality of voting in the Conference, were ready to support the principle of permanent seats on the Board, largely on the grounds that the continuous support and participation of these countries was essential to the success of the International Trade Organization. It was suggested on the other hand that any special provision was superfluous because the re-election of these countries was always virtually certain.

A variation of the idea of permanent seats was proposed by which membership of the Executive Board would rotate, but with a certain number of countries eligible for immediate re-election. This would avoid any necessity for formal mention of permanent seats in the Charter.

It was suggested that it would be better to establish criteria for selecting permanent members rather than to name them in the Charter though the latter procedure was mentioned as a possibility. Various alternatives were advanced. While some delegates thought that tests of economic importance such as external trade and population should be applied, others maintained that wider considerations than purely economic ones should be taken into account. Some delegates thought that geographical criteria should be applied in conjunction with economic. A scheme was submitted by which the seats would be allotted for five year terms with eligibility for immediate re-election, to the most important trading countries within the geographical areas of Europe (2), North America (2), Latin America (2), Asia (2), Oceania (1) and Africa (1). This was opposed on the grounds that the only justification for permanent seats was the difference in importance of Members in international trade, a factor which was independent of location. It was suggested, however, that geographical considerations might be applied to non-permanent seats.

The number of permanent and non-permanent seats was also considered. An increase of the total from fifteen, as proposed in the United States Draft, to twenty was advocated by some delegates, though others thought a membership of twenty too large for the smooth working of an executive organ.

The opinion was also expressed, however, that the Board would need to work largely through sub-committees in any case. Importance was attached to the need for relating the number of seats on the Board to the number of Members of the Organization. Some thought that the position should be left elastic until this was known. Various proportions of permanent to non-permanent seats were tentatively mentioned without any particular proposition receiving detailed consideration or wide acceptance.

4. The conclusions which emerged from the Committee's deliberations on the subject of Voting and Executive Board Membership may be briefly stated as follows:

- (a) The majority of delegates favoured the principle of one country one vote in the Conference and in the Executive Board.
- (b) A minority desired detailed examination of possible schemes for weighted voting, but not necessarily at this stage.
- (c) The principle of permanent seats on the Executive Board in some form is acceptable to most delegates.
- (d) The three-year period of membership of the Board set out in the United States Draft Charter was largely unquestioned.
- (e) No useful purpose would be served by attempting to produce a definitive draft covering these particular provisions, until such time as the substantive issues involved have been more completely resolved.

No firm conclusions were reached on the following matters:-

- (i) Number of seats on the Executive Board.
- (ii) The relative number of permanent seats (if any) and non-permanent.
- (iii) Rotational membership of Executive Board.
- (iv) The criteria for electing members of the Executive Board, either for permanent or non-permanent seats.

E THE EXECUTIVE BOARD - PROCEDURE, POWERS AND DUTIES

1. The text of the United States Draft Charter insofar as it concerned the powers and duties of the Executive Board was accepted with only ~~two~~ amendments both of which, however, were indicative of two basic concepts, shared by the majority of delegates, as to the general status and authority of the Executive Board vis-a-vis the Conference on the one hand, and the Commissions, on the other. The first amendment was to make permissive rather than mandatory, the power of the Board to recommend to the Conference the admission of new Members, thus emphasizing what most delegates felt should be the clearly subordinate position of the former. Similarly it was thought that the Commissions, in turn, should be definitely subordinate to the Board and to give added emphasis to this principle it was decided that the latter should "supervise" and not merely "review" the activities of the former.

2. There was a disposition, however, to allow a maximum of latitude to the Board in drawing up its own rules of procedure and electing its officers, though certain specific suggestions were made in this regard to which it was hoped due consideration would be given. These included proposals that in certain circumstances it should be possible for a minority of Board members or for a specified number of Members of the Organization not represented on the Board, to convene a session. In discussing the term of office of the Chairman, the desirability of providing for a reasonable measure of continuity was stressed by

several delegates. Whilst, on the whole, the advantages of annual election were deemed to outweigh the disadvantages, a satisfactory compromise was found by specifically providing that the Chairman and other officers should be eligible for immediate re-election. A reservation concerning the reference to "other officers" was withdrawn on the understanding that the term referred only to Board members themselves and not to Secretariat officials. A proposal that the Chairman of the Board should be able to participate in the deliberations of the Conference, in his capacity of Chairman, though without the right to vote, found general acceptance. It was, of course, recognized that the Chairman of the Executive Board would probably attend the Conference as a representative of his government. Nevertheless, it was thought desirable to cover the contingency of his not attending in such representative capacity and that in any case, he should be entitled, under the Charter, to at least the same rights with respect to Conference participation as are accorded Chairmen of Commissions.

3. Agreement was reached also on the desirability of including in the Charter a provision under which any Member of the Organization would have the right to appear and effectively present its case before the Executive Board when a matter of particular and substantial concern to that Member was under consideration. The provision, as accepted, is based on Article 31 of the United Nations Charter but is somewhat more precisely drawn in that it grants to the Member concerned, all the rights of Board members except the right to vote.

At least one delegation, however, expressed serious misgivings lest this arrangement should hamper and embarrass the Board, by precluding it from holding confidential discussions on any subject or from dealing effectively with matters of general application. Another delegate suggested that the Board should not be under any firm obligation to invite Members to attend its sessions but should do so at its discretion.

F. THE COMMISSIONS

1. The Commissions were discussed in general terms, particular attention being paid to their composition and procedure. The desirability of establishing Commissions as an essential part of the structure of an International Trade Organization to perform certain specialized tasks was in no way questioned. There was a tendency to treat the matter rather tentatively, largely because most delegates felt that the structure, functions and status of the Commissions and the manner in which they would operate, could not at present be foreseen in much detail. Various views were expressed however, as to the more important considerations to be borne in mind.

2. It was agreed that the Commissions should be subordinate to the Executive Board. The extent to which they should operate other than in a strictly advisory capacity was, however, a question which no one felt could be fully resolved at present. Some delegates expressed the opinion that the Commissions should not be called upon to undertake responsibilities of a semi-judicial nature and considered that, in this respect, the wording of Articles 64, 65 and 66 of the United States Draft Charter raised certain doubts as to the functions it is intended the Commissions should perform.

It was argued in support of this view that only representatives of governments, not experts in their own right, should be directly responsible for important executive and judicial decisions.

3. There was general agreement with the proposal that the Commissions should consist of outstanding experts of high prestige in their own fields who would operate independently of their governments. One delegation, though agreeing in principle with this proposal, was of the opinion that the governments concerned should in all cases be consulted regarding Commission appointments and that it should be expressly provided that not more than one national from any country should serve on any one Commission. The majority of delegates, however, felt that in general these conditions would, in fact, be complied with and that it was unnecessary and undesirable therefore to write them into the Charter itself.

4. There was no dissent from the proposal that in appointing members of Commissions, due regard should be paid to the importance of selecting personnel on as wide a geographic basis as possible. In this connection, it was agreed, too, that the desirability of having different types of economies represented, particularly in the case of the less developed countries, should also be borne in mind. Various opinions were expressed as to whether some or all the members of Commissions should serve on a part time or full time basis. While certain delegates anticipated that the work of some of the Commissions at least, would be so heavy and continuous that full time service might

be essential, others thought that by becoming permanent international officials, the individuals concerned would tend to lose much of their intimate contact with current affairs in their own countries and that this would greatly lessen their value to the Organization. In this respect, no need was felt for changing the text of the United States Draft Charter which did, in fact, leave the matter to be decided by the Conference. There was considerable support for the idea that the Chairman of each Commission might serve on a full time basis, and it was therefore recommended that provision be made accordingly in the rules of procedure to be drawn up by each Commission.

5. The question of relationship between the personnel of Commissions on the one hand, and the Director-General and the staff of the Secretariat on the other, gave rise to a certain amount of concern. While it was acknowledged that the Secretariat should serve the Commissions, it was suggested by a number of Delegates that the respective functions, responsibilities and status of the Director-General and of Commission members would need to be more carefully defined particularly in cases where the latter were to become permanent officials of the Organization. The desirability of the Commissions having access to the Executive Board directly rather than through the Director-General was particularly stressed. At the same time, however, serious misgiving was expressed lest two separate bodies of officials, of differing status, should be created within the one Organization thus opening up the possibility of divided authority with attendant friction and confusion. The difficulty of attracting, on a permanent basis, persons of the calibre required and the possible expense which this would involve, were also pointed out.

6. It was the concensus of opinion that these questions could not profitably be pursued further until the structure of the Organization as a whole began to take shape. Moreover, the number and nature of the Commissions that might ultimately be required could not now be foreseen. Agreement was reached, however, on certain minor amendments to the relevant provisions of the United States Draft Charter, the general purpose of which was to give to those provisions a somewhat greater measure of elasticity having regard to the uncertain requirements of the future. Subject to the views expressed being given proper consideration when appropriate action is taken, the amended provisions as incorporated in the agreed text were regarded as satisfactory.

7. The provisions of the United States Draft Charter dealing with the functions of the Commissions on Commercial Policy, Business Practices and Commodities, respectively, were discussed in general terms. It was agreed that the substantive provisions of these articles really depended on the work of other Committees. Until this was finished, amendments and drafting alterations required to bring them into line with the commission structure of the Organization would be premature. In the circumstances, it was decided that these particular provisions should be examined more fully at the next meeting of the Preparatory Committee, in the light of such drafts as the Drafting Committee may in the meantime prepare. A proposal was submitted calling for the establishment of an additional Commission to deal with the "Expansion of Production, Industrialization and Employment." In view of the fact that the Joint Committee of Committees I and II were referring one question of machinery to the Economic and Social Council for advice, it was agreed that the matter would have to be left open for the present, to be considered later by the Interim Drafting Committee and the next meeting of the Preparatory Committee.

G. THE SECRETARIAT

1. It was unanimously felt that the structure of the International Trade Organization including the Secretariat, should be brought into the closest possible relationship with the United Nations, for reasons which included economy, the shortage of skilled personnel, co-ordination of policy, prevention of overlapping, and the avoidance of any possible separatist tendency. The necessity of ensuring proper co-ordination with the Economic and Social Council itself, in order to avoid needless duplication of work on identical or closely related problems, was particularly stressed. Common services and staff conditions for the various international economic secretariats now being built up or in contemplation were advocated wherever possible. Some delegates thought that with respect to certain phases of its work, the International Trade Organization might make appropriate use of the Economic Secretariat of the United Nations, and that it would be an advantage from this viewpoint if the International Trade Organization were located in the same place. Most delegates, however, were not prepared to offer any definite views on the site question at this stage. In general, it was agreed that detailed consideration of this question of interlocking staff arrangements would be premature and that the United Nations Secretariat should be asked to furnish relevant information and suggestions for consideration at the appropriate time. Certain preliminary observations and proposals concerning the co-ordination and integration of secretariat services and activities were subsequently circulated in response to this request. Several delegates indicated that

the cost of maintaining a multiplicity of separate international organizations was already showing signs of assuming considerable proportions and that the expenses of the International Trade Organization should, therefore, be kept to the minimum consistent with efficiency.

2. The principle was generally accepted that provisions relating to the organization of the Secretariat, should be as flexible as possible, particularly with reference to the number, status and powers of Deputy Directors-General, and that, as a corollary, the Director-General should be given all the authority and freedom of action necessary for carrying out his responsibilities. Most delegates agreed that the position of the Director-General should be made as strong as possible in relation to that of other Secretariat officials, and that any specific reference in the Charter to either the number or functions of Deputy-Directors-General should consequently be omitted. This decision was felt to be justified on the grounds, firstly, that if their status and powers were to be derived directly from the Charter, the relative authority of the Director-General would be lessened, and secondly, that it should be left to the Director-General to appoint only such number of deputies as are in fact, needed. Appointments should in any case be in accordance with regulations approved by the Conference. A proposal that the Director-General be ex-officio non-voting Chairman of the Executive Board did not win favour.

3. While delegates agreed that efficiency, competence and integrity should be the paramount considerations in recruiting Secretariat personnel, many thought that adequate geographical representation and familiarity with different kinds of economic conditions and interests, should also be taken substantially into account.

Agreement was reached on a draft which is intended to give effect to this principle and to conform to the corresponding provision in the Charter of the United Nations. Some delegates suggested that Secretariat and Commission personnel should be recruited only from member countries of the International Trade Organization. Others considered that such a provision would be unduly restrictive, and that employment should be open to all United Nations nationals subject, perhaps, to some measure of preference being given to nationals of member countries. Finally, there was no dissent from the view that specific provisions regarding nationality should not be included in the Charter, thus leaving the way open for the occasional recruitment of exceptionally qualified persons who otherwise would not be eligible, if in the Director-General's opinion and subject to such consultation as he may deem advisable, the services of such persons would be of special value to the Organization.

H. MISCELLANEOUS PROVISIONS

1. Relations with other Organizations

Those provisions of the United States Draft Charter which dealt with questions of relationship between the International Trade Organization and other international organizations found ready acceptance. The useful part which these organizations, both inter-governmental and non-governmental, might play in helping to promote the objectives of the International Trade Organization was generally recognized. Although many delegates were willing to leave to the Director-General the negotiation of a formal agreement with the United Nations, according to the precedent set by other specialized agencies, the opinion was also expressed that the provisions of such an agreement should be worked out in detail beforehand, with a view to their becoming operative as soon as the International Trade Organization comes legally into existence. All delegates agreed, however, with the general

proposition that in the interests of economical and efficient administration, and for the purpose of avoiding inconsistent and even conflicting policies, it was of the greatest importance that the closest relationship with the United Nations, and particularly with the Economic and Social Council, should be specially developed. There was general agreement, too, with the view that it would be undesirable to refer specifically to any particular organization, in the Charter provision dealing with relations with other inter-governmental agencies, in view of the fact that the activities and responsibilities of a number of these agencies will be of special importance from the point of view of the International Trade Organization. The importance of the Food and Agricultural Organization, of the International Monetary Fund, of the International Bank and of the International Labour Organization in relation to the work of the International Trade Organization was particularly stressed.

2. Legal Capacity, Privileges and Immunities

The provisions of the United States Draft Charter dealing with the legal capacity, privileges and immunities of the Organization were approved without change. The Committee was informed that the Secretary-General of the United Nations was under instructions from the General Assembly to consult with specialized agencies on the subject of privileges and immunities with a view to ensuring a reasonable degree of uniformity in the arrangements made for all inter-governmental organizations. In the circumstances, it was felt that the Charter provisions relating to these matters should be expressed in general rather than specific terms leaving the formulation of their detailed application to the Conference.

3. Payment of Contributions

There was no dissent from the view that a penalty clause with reference to non-payment of contributions should be incorporated in the Charter. Some discussion took place, however, as to the appropriate place in the Charter for a provision of this nature, the matter being finally left to the decision of the Interim Drafting Committee. In order to bring ITO procedure into line with that adopted by the United Nations a suggestion that the wording of this particular provision should conform to that used in the United Nations Charter met with general support.

4. Amendments

While it was generally recognized that the Organization should be so constituted as to allow it to meet constitutional changes of a minor kind without undue difficulty, several delegates thought that a Member not accepting amendments which involve new obligations would be in an anomalous position in its relationship to the Organization, if it were not permissible for the Member to withdraw. It was, therefore, felt that provision should be made whereby the Conference might decide that a non-accepting Member would be compelled to withdraw or, in the absence of such a decision, whereby such a Member might be enabled voluntarily to withdraw notwithstanding any general provisions contained elsewhere in the Charter limiting the right of withdrawal.

5. Withdrawal

In considering withdrawal and termination, account was taken of the necessity of giving the Organization a fair chance at its inception to become firmly established. It was felt, nevertheless, in view of the fact that United States trade agreements legislation would not permit that country to enter into tariff commitments of more than three years' duration, that the period immediately following the adoption of the Charter, within which no withdrawals should take place, should likewise be three years, instead of five as proposed in the United States Draft Charter. It was also felt that six months' notice of intention to withdraw, rather than one year (as in the United States Draft), would be adequate. Thus,

a Member would be able to withdraw at the end of three years, by giving notice at the end of two and a half years. Special provision was also made to cover certain overseas territories.

6. Interpretation and Settlement of Disputes

(i) It was agreed to make the Chinese and Spanish texts of the Charter equally as authoritative as the French and English. The question of providing also a Russian text did not present itself at this Conference.

(ii) Attention was called to the possibility of a special chamber for commercial cases being established under Article 26 of the Statutes of the International Court of Justice. There was some doubt, however, as to whether its existence might not detract from the prestige of the International Trade Organization. Several delegates thought that the jurisdiction of the Organization should be final in administrative matters coming within its province, and that only legal issues should be referred to independent courts. Politico-economic decisions should be recognized as its own responsibility. Although it was generally agreed that the Executive Board, where appropriate, could refer disputes to the Commissions for preliminary report, some disapproval was voiced at the idea of Commissions being formally regarded as courts of first instance. Considerable discussion took place on whether appeals to the International Court of Justice from rulings of the Conference on justiciable issues should be subject to the consent of the Conference. It was argued that some limitation was necessary both to keep the prestige of the International Trade Organization high and to avoid overloading the International Court. The contrary view was that only justiciable matters were involved in which the International Trade Organization was not expert, and that in practice, countries would only appeal on issues which they regarded as really important. Some compulsory delay was also suggested. It was eventually agreed that the right of appeal should be subject to procedures established by the Conference.

It was agreed that in determining these procedures, consideration should be given to incorporating as a pre-requisite an affirmative vote of at least one third of the Members of the Conference. The absolute right of appeal to the Court in security matters, as set out in the United States Draft Charter, was not called into question.

(iii) Delegates all thought that authority for the International Trade Organization to seek advisory opinions from the International Court should be continuing and not subject to reference to the United Nations on each occasion. The Article concerned was re-drafted to accord with the language of the United Nations Charter. Although the interpretation of this wording was open to question, it was thought that the matter could safely be left to the Agreement to be concluded with the United Nations. It was agreed to refer to the Registrar of the International Court the question as to whether complications would be likely to arise from asking the Court for an advisory opinion on a matter which might subsequently become the subject of a case before it. It was agreed also that under Article 34 (2) of the Statutes of the International Court of Justice, Rules could be approved by the Conference to enable the Director-General to represent the Organization before the Court.

(iv) The introduction of detailed discussion on arbitration raised considerable difficulty because delegates were by no means clear as to what kind of issues were appropriate for arbitration. A lengthy discussion took place as to whether administrative as well as legal questions should be referred to arbitration; whether the Executive Board should wait on the consent of the parties concerned; and whether the arbitrators' decision should be final (most delegates agreed it should). An amendment was agreed upon which would permit

the Executive Board, with the consent of parties concerned, to refer to arbitration for final decision any matter arising out of the operation of the Charter.

Certain delegations wished the provisions in regard to arbitration and the International Court of Justice to be expanded and made more specific. They undertook to prepare a memorandum setting out their views and it was agreed that the Drafting Committee should be asked to consider these views in conjunction with the report of the Fifth Committee's discussion of this subject.

7. Entry into Force

(i) One delegation suggested that, instead of requiring a membership of twenty to bring the Charter into force, an alternative method might be to provide for its taking effect when a certain proportion of world trade was covered by countries accepting its provisions, so that the entry of the Charter into force should not be delayed after its acceptance by the most important trading countries. Various objections to this procedure were voiced by other delegates. In general, the procedures suggested in the United States Draft Charter for bringing the Charter into force were regarded as satisfactory subject to a drafting amendment whereby any instrument of acceptance deposited with the Secretary-General of the United Nations is to be taken as covering both procedures, unless it expressly provides to the contrary or is withdrawn. This was intended to cover the situation that might arise when one or more governments, having deposited their acceptances before a given date (pursuant to paragraph 2 of Article Z) might not feel inclined to join.

The Organization should it subsequently come into existence as a result of agreement on the part of a relatively limited number of governments (pursuant to the proviso to paragraph 3 of Article 2), but might nevertheless wish their acceptance to take effect when the membership reaches twenty or more.

(ii) With reference to the suggested provision under which each government accepting the Charter would do so in respect of all dependent territories, attention was drawn to the fact that certain overseas territories were in varying degrees of development and, in some cases, were self-governing in matters provided for in the Charter. To meet this situation, a less rigid provision was agreed upon, the purpose of which was to permit a measure of discretion to the governments concerned with respect to their acceptance of the Charter on behalf of territories for which they have international responsibility. Reservations regarding this provision were entered by three delegations.

8. Interim Tariff Committee

At the meeting next year, for the negotiation of tariff concessions, it is hoped that certain reductions or other concessions will be agreed upon. If so, it might be desirable to bring them into effect as soon as possible, without necessarily waiting upon the entry into force of the Charter. It would be for the negotiating countries themselves to decide the time. When the Organization is set up it is hoped that the countries which have reduced their tariffs will join it. These countries would then become the nucleus of the Interim Tariff Committee which would be supplemented by other countries joining the Organization, and which themselves have made equivalent tariff concessions to the satisfaction of the Committee. When two-thirds of the Members of the Organization become members of the Committee, the functions of the latter will vest

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in the Conference. It was agreed that for countries making reductions, membership of the Interim Tariff Committee should be compulsory. A reservation was made as to the position of Member countries which did not desire to join the Committee. A suggestion was also made that if weighted voting was introduced, it might be applied in the case of the Interim Tariff Committee. Another provisional view was that the implementation of tariff and Charter agreements should be inter-dependent.

APPENDIX

REVISED TEXT OF CHAPTER VII OF THE UNITED STATES DRAFT CHARTER
(including Article 2 on Membership)

The following is the revised text, as agreed by Committee V, of the section of the United States Draft Charter which fell within its terms of reference, except for Article 1 (Purposes) and Articles 64, 65 and 66, (Functions of the Commercial Policy, Business Practices and Commodities Commissions, respectively.)

Citations referring to other sections of the United States Draft Charter which may need to be brought into conformity with the content and arrangement adopted by the other Committees, are shown in square brackets.

Article A. Membership

1. The original Members of the Organization shall be those countries represented at the United Nations Conference on Trade and Employment which accept the provisions of this Charter by 31 December 194.... or, in the event that this Charter has not entered into force by that date, the countries which agree to bring this Charter into force pursuant to the proviso to paragraph 3 of Article 2.
2. Membership in the Organization shall be open to such other countries as accept the provisions of this Charter, subject to the approval of the Conference.
3. The Conference shall establish procedures that will open a membership in the Organization to the United Nations on behalf of the trust territories for which the United Nations is the administering authority.

Article B. Functions of the Organization

It shall be the function of the Organization:

1. To collect, analyse and publish information relating to international trade, including information relating to commercial policy, business practices and commodity problems and to industrial and general economic development.
2. To provide technical assistance and advice to Members and to the United Nations and other international Organizations, including such assistance and advice as may be appropriate in connection with specific projects of industrialization or other economic development.
3. To consult with, and to make recommendations and reports to Members regarding any matter relating to the purposes of the Organization or the operation of this Charter, including the following:
 - (a) Recommendations or determinations relating to the discharge of the responsibilities of the Organization, or of the Members, under Chapter IV.
 - (b) Recommendations as to measures for implementing the objectives with regard to restrictive business practices, set forth in Chapter V.
 - (c) Recommendations regarding the application to commodity arrangements under consideration by Members of the principles governing commodity arrangements set forth in Chapter VI and recommendations initiating proposals for new commodity arrangements, or proposing such modifications, including termination of commodity arrangements already concluded, as may be deemed appropriate under the commodity principles and in the general interest.
 - (d) Recommendations as to measures for implementing the objectives of the Organization in encouraging and assisting the industrial and general economic development of Member countries.

4. To consult with Members regarding disputes growing out of the provisions of this Charter and to provide for the settlement of such disputes.
5. To make recommendations for, and promote the acceptance by Members of, international agreements designed to improve the bases of trade and to assure just and equitable treatment for the enterprises, skills, capital, arts and technology brought from one country to another, including agreements on the treatment of foreign nationals and enterprises, on the treatment of commercial travellers, on commercial arbitration, and on the avoidance of double taxation.
6. To achieve an economy of effort in the performance of the functions set out in this Article and to co-operate with the United Nations and with other inter-governmental organizations, generally, in the attainment of the economic and social objectives of the United Nations and in the restoration and maintenance of international peace and security.
7. Generally to advise and to make recommendations to Members and other international organizations, and to perform any other function appropriate to the purposes of the Organization.

Article C. Structure of the Organization

The Organization shall have as its principle organs: a Conference, an Executive Board, Commissions as established under Article M, and a Secretariat.

Article D. Conference - Membership

1. The Conference shall consist of the representatives of the Members of the Organization.
2. Each Member shall have one representative and may appoint alternates and advisers to its representative on the Conference.
3. No representative on the Conference may represent more than one Member.

Article E. Conference - Voting

1. Each Member shall have one vote in the Conference.
2. Except as may be otherwise provided for in this Charter, decisions of the Conference shall be taken by a majority of the Members present and voting.

(N.B. The majority of delegations have approved the draft of this Article as hereunder. Some delegations, however, desire to have drafted an alternative text (or texts) embodying the principle of weighted voting.)

Article F. Conference - Sessions, Procedure and Officers

1. The Conference shall meet in regular annual sessions and in such special sessions as occasion may require. Special sessions shall be convoked by the Director-General of the Organization at the request of the Executive Board or of a majority of the members.
2. The Conference shall adopt its own rules of procedure. It shall annually elect its President and other officers.

Article G. Conference - Powers and Duties

1. The Conference shall have final authority to determine the policies of the Organization. It may make recommendations to Members of the Organization and to other international organizations regarding any matter pertaining to the purposes of the Organization.
2. The Conference may, by the affirmative votes of two-thirds of its Members, determine criteria and set up procedures, for waiving, in exceptional circumstances, obligations of Members undertaken pursuant to this Charter.
3. The Conference may delegate to the Executive Board authority to exercise or perform any of the powers and duties of the Conference, except such specific powers and duties as are expressly conferred or imposed upon the Conference.

4. The Conference shall approve the budget of the Organization and shall apportion the expenses of the Organization among the Members.

5. The Conference may develop and, by the affirmative votes of two-thirds of its Members, recommend for their acceptance, conventions and agreements with respect to any matter within the competence of the Organization. Each Member undertakes that it will, within eighteen months after such recommendation by the Conference, make a decision upon it. Each Member shall notify the Director-General of the action taken and, in the event of rejection of such recommendation, shall furnish a statement of the reasons therefor.

6. The Conference shall establish procedures for making the determinations provided for in [Article 25 and in paragraph 2(b) of Article 45] whereby any such determinations shall be made through the Organization by consultation among the Members having an important interest in the trade in the product concerned.

7. The Conference shall establish procedures for making the determinations and recommendations provided for in [paragraph 3(c) of Article 20; paragraph 2 of Article 29; and Article 30.]

8. The Conference may, by the affirmative votes of two-thirds of its Members present and voting, adopt the standards, nomenclature, terms and forms described in [paragraph 7 of Article 16.]

9. The Conference shall determine the site of the Organization and shall establish such branch offices as it may consider desirable.

Article H. Interim Tariff Committee

1. There shall be an Interim Tariff Committee which shall act temporarily on behalf of the Organization in the making of recommendations and determinations pursuant to [paragraph 3 of Article 18.]

2. The Committee shall consist originally of those Members of the Organization which shall have made effective the General Agreement on Tariffs and Trade dated, 194.....⁺ Any other Member of the Organization shall be a member of the Committee when, in the judgement of the Committee, that Member shall have completed negotiations pursuant to [paragraph 1 of Article 18] comparable in scope or effect to those completed by the original members of the Committee. When the number of Members of the Organization which are members of the Committee shall constitute two-thirds of the total number of Members of the Organization, the Committee shall terminate and its functions shall be transferred to the Conference.

3. Each member of the Committee shall have one vote.

4. Decisions of the Committee shall be taken by a majority of the members present and voting.

5. The Committee shall adopt its own rules of procedure, including provision for the election of its officers.

(N.B. Reservations regarding paragraph 3 above were entered by those delegations favouring weighted voting.)

Article 1. Executive Board - Membership

(N.B. No agreement was reached on this Article. The following alternative drafts found support from one or more delegations. Many points were raised in the course of discussion, however, which would involve modification, in one way or another, of each of these alternatives, or the formulation of new ones.)

⁺ This agreement refers to the proposed arrangement for the concerted reduction of tariffs and trade barriers among the countries invited by the United States to enter into negotiations for this purpose. It is contemplated that the agreement would contain schedules of tariff concessions and would incorporate certain of the provisions of Chapter IV of the Charter (e.g., the provisions relating to most-favoured-nation treatment, to national treatment on internal taxes and regulations, to quantitative restrictions, etc.).

Alternative (i):-

1. The Executive Board shall consist of fifteen Members of the Organization elected by the Conference.
2. Subject to the provisions of paragraph 3 of this Article, one-third of the membership of the Executive Board shall be elected each year for a term of three years. A retiring Member shall be eligible for immediate re-election.
3. At the first election, fifteen Members of the Executive Board shall be chosen. The term of office of five Members shall expire at the end of one year, and of five other Members at the end of two years, in accordance with arrangements made by the Conference.
4. Each Member of the Executive Board shall have one representative and may appoint alternates and advisers to its representative.

(N.B.: Some delegations, while in general supporting the above text, expressed the view that the number of Members of the Executive Board should be increased to eighteen or twenty).

Alternative (ii):-

1. The Executive Board shall consist of fifteen Members of the Organization elected by the Conference, five of whom shall be eligible for immediate re-election.
2. Subject to the provisions of paragraph 3 of this Article, one-third of the membership of the Executive Board shall be elected each year for a term of three years.
3. Same as for (1) above.
4. Same as for (1) above.

Alternative (iii):-

1. The Executive Board shall consist of fifteen Members of the Organization elected by the Conference. By virtue of their economic importance, six Members shall be appointed as permanent

Members; nine other Members shall be granted non-permanent seats. The total number of seats may be increased by a decision of the Conference taken with a two-thirds majority of its Members.

2. The non-permanent Members of the Executive Board shall be chosen for a period of three years. At the first election of the non-permanent Members, three Members shall be elected for a term of one year and three others for a term of two years. A retiring Member shall not be eligible for immediate re-election.

3. These elections shall take place in accordance with arrangements to be approved by the Conference with a two-thirds majority of its Members.

4. Each Member of the Executive Board shall have one representative who may appoint alternates and advisers.

Alternative (iv)

1. The Executive Board shall consist of twenty Members of the Organization.

2. Subject to the provisions of paragraph 3 of this Article one-half of the membership of the Executive Board shall serve for a term of five years and shall be appointed by the Members of the Organization having the largest share in the world trade and belonging to the following trade groups: Europe (two Directors), North America (two Directors), Latin America (two Directors), Asia (two Directors), Oceania (one Director) and Africa (one Director). Any change in the relative position in world trade of Member countries shall be taken into consideration at the end of each term of five years.

3. One half of the membership of the Executive Board shall be elected annually by Members of the Conference other than those entitled to appoint a member of the Board in accordance with the provisions of paragraph 2 of this Article. A retiring member shall be eligible for immediate re-election.

4. The conference, upon the recommendation of the Executive Board, shall establish procedures for the purpose of carrying out the provisions of this Article.

5. Each member of the Executive Board shall have one representative and may appoint alternates and advisers to its representatives.

Article J. Executive Board - Voting

1. Each member of the Executive Board shall have one vote.

2. Decisions of the Executive Board shall be made by a majority of members present and voting.

(N.B.: The majority of delegations approved the draft of this Article as hereunder. Some delegations, however, desire to have drafted an alternative text (or texts) in conformity with the weighted voting procedure suggested for Article E).

Article K. Executive Board - Sessions, Procedures and Officers

1. The Executive Board shall adopt its own rules of procedure, including rules concerning the convening of its sessions.

2. The Executive Board shall annually elect its Chairman and other officers who shall be eligible for re-election.

3. The Chairman of the Executive Board, as such, shall be entitled to participate, without the right to vote, in the deliberations of the Conference.

4. Any Member of the Organization which is not a member of the Executive Board shall be invited to send a representative to any

discussion by the Board of a matter of particular and substantial concern to that Member. Such representative shall, for the purpose of such discussion, have all the rights of Board members, except the right to vote.

Article L. Executive Board - Powers and Duties

1. The Executive Board shall be responsible for the execution of the policies of the Organization and shall exercise the powers delegated to it by the Conference. It shall supervise the activities of the Commissions provided for in this Charter, and shall take such action upon their recommendations as it may deem appropriate. It shall provide adequate machinery to review the work of the Organization as it relates to industrialization and general economic development.

2. The Executive Board may make recommendations to the Conference, to Members of the Organization, or to other international organizations, on any subject falling within the scope of the Organization, and shall approve the preliminary agenda of the Conference.

3. The Executive Board may recommend to the Conference the admission of new Members of the Organization.

4. The Executive Board may refer to the Commissions such questions as it may deem appropriate.

Article M. Establishment of Commissions

The Conference shall establish a Commission on Commercial Policy, a Commission on Business Practices, and a Commodity Commission,

and may establish such other Commissions as may be required. These commissions shall be responsible to the Executive Board.

Article N Composition and Procedure of Commissions

1. The Commissions shall be composed of persons invited by the Executive Board and qualified by training or experience to carry out the functions of the Commissions in accordance with the purposes of the Organization.
2. The number of members of each Commission and the conditions of service of the members of each Commission shall be determined in accordance with regulations prescribed by the Conference.
3. Each Commission shall elect its Chairman and adopt its own rules of procedure, subject to approval by the Executive Board.
4. The Chairman of the Commissions shall be entitled to participate, without the right to vote, in the deliberations of the Executive Board and of the Conference.
5. As set forth more fully in paragraph 2 of Article S, the Organization may make arrangements for representatives of other inter-governmental organizations having a special interest in the activities of any of the Commissions to participate in the work of such Commissions, pursuant to agreements with these organizations.

Article O General Functions of Commissions

The Commissions shall have the functions set forth in Articles ____, ____, and ____, and shall perform such other functions as the Conference or the Executive Board may assign to them, including such functions as the Executive Board may deem appropriate in connection with the settlement of disputes.

(N.B. :- The Articles referred to above are those which appear as 64, 65 and 66 in the United States Suggested Charter.)

Article P Composition of Secretariat

1. The Secretariat shall consist of a Director-General and such staff as may be required.
2. The Director-General shall have authority to appoint such Deputy Directors-General as he deems necessary. Such appointments shall be made in accordance with regulations approved by the Conference.

Article Q Director-General

1. The Director-General shall be appointed by the Conference upon the recommendation of the Executive Board. His powers, duties, terms and conditions of office shall be in accordance with regulations approved by the Conference. He shall be the chief administrative officer of the Organization, subject to the general supervision of the Executive Board.
2. The Director-General or a deputy designated by him shall participate, without the right to vote, in all meetings of the Conference, of the Executive Board, of the Commissions, and of committees of the Organization. The Director-General shall have authority to initiate proposals for the consideration of any organ of the Organization. He shall make an annual report to the Conference and to the Executive Board on the work of the Organization and shall prepare the annual budget for submission to the Conference.

Article R Secretariat Staff

1. The Director-General shall appoint the staff of the Secretariat and fix its duties and terms and conditions of service in accordance with regulations approved by the Conference. The paramount consideration in the employment of the staff and in the determination of its conditions of service shall be the necessity of securing

the highest standards of efficiency, competence and integrity, due regard being paid to the importance of recruiting the staff on as wide a geographical basis as possible.

2. The conditions of service, such as the provisions governing qualifications, salary, tenure and retirement of members of the staff of the Secretariat shall be fixed, so far as practicable, in conformity with those for members of the Secretariat of the United Nations and of other specialized agencies which may be brought into relationship with the United Nations, as provided in Article 57 of the Charter of the United Nations.

Article S. Relations with Other Organizations.

1. The Organization shall be brought into relationship with the United Nations, as soon as practicable, as one of the specialized agencies referred to in Article 57 of the Charter of the United Nations. This relationship shall be effected through an agreement with the United Nations under Article 63 of the Charter of the United Nations, which agreement shall be concluded by the Director-General and approved by the Conference. The agreement shall provide for effective co-operation between the two Organizations in the pursuit of their common purposes, and at the same time shall recognize the competence of the Organization within its jurisdiction as defined in this Charter. Notwithstanding the provisions of Article W, any changes in this Charter required under the agreement which do not involve new obligations by Members shall be effective on approval of the agreement by the Conference.

2. The Organization shall co-operate with other inter-governmental organizations whose interests and activities are related to its purposes. Effective working relationships with such organizations, which may include the establishment of joint committees or provision for reciprocal representation at meetings, or such other measures as may be necessary

to assure effective co-operation, may be established by the Director-General. Formal arrangements for co-operation with such organizations may be entered into by the Executive Board.

3. The Organization may make, suitable arrangements for consultation and co-operation with non-governmental Organizations concerned with matters within its competence, and may invite them to undertake specific tasks.

4. Whenever the Conference of this Organization and the competent authorities of any other international organization whose purposes and functions lie within the competence of this Organization, deem it desirable to effect a transfer of its resources and functions to this Organization, to incorporate it into this Organization, or to bring it under the supervision or authority of this Organization, the Director-General, subject to the approval of the Conference, may enter into mutually acceptable arrangements for this purpose. This Organization may acquire such resources and assume such functions of, or incorporate or exercise such control over, the other organization as may be provided by any convention or agreement appropriate to the purpose. In accordance with their respective constitutional procedures, the Members shall take such steps as the Conference may determine to integrate such other international organizations into the structure of this Organization.

Article T. International Responsibilities of Personnel of Organization

The responsibilities of the members of the Commissions provided for in Article M of this Charter, of the Director-General, of the Deputy Directors-General and of the staff shall be exclusively international in character. In the discharge of their duties, they shall not seek or receive instructions from any government or from any authority external to the Organization. They shall refrain from any action which might prejudice their position as international officials. Each Member of the Organization

undertakes to respect the international character of the responsibilities of these persons, and not to seek to influence them in the discharge of their duties.

Article U. Legal Capacity of Organization

The Organization shall enjoy in the territory of each of its Members such legal capacity as may be necessary for the exercise of its functions and the fulfilment of its purposes.

Article V. Privileges and Immunities of Organization

1. The Organization shall enjoy in the territory of each of its Members such privileges and immunities as are necessary for the fulfilment of its purposes.

2. Representatives of the Members of the Organization and its officials shall similarly enjoy such privileges and immunities as are necessary for the independent exercise of their functions in connection with the Organization.

3. The Conference may make recommendations with a view to determining the details of the application of paragraphs 1 and 2 of this Article and may propose conventions to the Members for this purpose.

Article W. Amendments to Charter

1. Amendments to this Charter shall become effective upon receiving the approval of the Conference by the affirmative votes of two-thirds of its Members.

2. Notwithstanding the provisions of paragraph 1 of this Article those amendments which involve new obligations on the part of the Members of the Organization shall take effect upon acceptance on the part of two-thirds of the Members for each Member accepting the amendments and thereafter for each remaining Member on acceptance by it. In such cases, the Conference may determine that any Member which has not accepted the amendment, within a period specified by the Conference, shall thereupon be obliged to withdraw from the Organization.

In the absence of a determination that a Member shall be obliged to withdraw, a Member shall, notwithstanding the provisions of paragraph 1 of Article AA, have the right to withdraw, on due notice, as provided in paragraph 2 of Article AA.

3. The Conference shall, by the affirmative votes of two-thirds of its Members, adopt rules of procedure for carrying out the provisions of this Article.

Article X. Interpretation and Settlement of Disputes

1. The Chinese, English, French and Spanish texts of this Charter shall be regarded as equally authoritative.

2. Any question or difference concerning the interpretation of this Charter or arising out of its operation shall be referred to the Executive Board for a ruling thereon. The Executive Board may decide either to give a ruling on the matter itself or to refer it, with the consent of the parties, to arbitration upon such terms as may be agreed by the parties. Any ruling of the Executive Board shall, upon the request of any Member directly affected or, if the ruling is of general application, upon the request of any Member, be referred to the Conference.

3. Any justiciable issue arising out of a ruling of the Conference with respect to the interpretation of sub-paragraphs (c), (d), (e), or (k) or Article 32 or of Paragraph 2 of Article 49 may be submitted by any party to the dispute to the International Court of Justice, and any justiciable issue arising out of any other ruling of the Conference may, in accordance with such procedures as the Conference shall establish, be submitted by any party to the dispute to the International Court of Justice. The Members accept the jurisdiction of the Court in respect of any dispute submitted to the Court under this Article.

4. The Organization may, in accordance with paragraph 2 of Article 96 of the Charter of the United Nations, request from the International Court of Justice advisory opinions on legal questions arising within the scope of its activities.

Article Y. Payment of Contribution

Each Member undertakes to contribute promptly to the Organization its share of the Organization's expenses as apportioned by the Conference. A Member of the Organization which is in arrears in the payment of its financial contributions to the Organization shall have no vote in the Conference if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two full years. The Conference may, nevertheless, permit such a Member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member.

Article Z. Entry into Force

1. The original of this Charter, as set forth in the Final Act of the United Nations Conference on Trade and Employment, shall be deposited with the Secretary-General of the United Nations, who will furnish certified copies thereof to all interested governments.
2. Each government accepting this Charter shall deposit an instrument of acceptance with the Secretary-General of the United Nations, who will inform all governments represented at the United Nations Conference on Trade and Employment and all Members of the United Nations of the date of deposit of each instrument of acceptance and of the date on which this Charter enters into force under paragraph 3 of this Article.
3. This Charter shall enter into force of the sixtieth day following the day on which the number of governments represented at the United Nations Conference on Trade and Employment which have deposited acceptance pursuant to paragraph 2 of this Article shall reach

twenty, and the acceptance of each other accepting government shall take effect on the sixtieth day following the day on which the instrument of such acceptance is deposited: PROVIDED, That if this Charter shall not have entered into force by 31 December 194__, any of the governments which have made effective the General Agreement on Tariffs and Trade dated _____, 194__,⁺ together with any other governments represented at the United Nations Conference on Trade and Employment may agree to bring this Charter into force among themselves in accordance with arrangements which they may agree upon. Any instrument of acceptance deposited with the Secretary-General of the United Nations shall be taken as covering both procedures for bringing this Charter into force unless it expressly provides to the contrary or is withdrawn.

4. Each government accepting this Charter does so in respect of its metropolitan territory and the oversea territories for which it has international responsibility with the exception of those territories which are self-governing in respect of matters provided for by the Charter. Each Member shall notify the Secretary-General of the United Nations of its acceptance of the Charter on behalf of any such self-governing territory willing to undertake the obligations of the Charter, and upon such notification the provisions of the Charter shall become applicable to that territory.

(N.B. Three delegations entered reservations regarding paragraph 4.)

Article AA. Withdrawal and Termination

1. Any Member of the Organization may withdraw from the Organization, either on its own behalf or on behalf of an oversea territory which is self-governing in the respect mentioned in paragraph 4 of Article Z, at any time after the expiration of three years from the date of the entry into force of this Charter under the provision of Article Z by written notification addressed to the Secretary-General of the United Nations in accordance with the provisions of paragraph 2 of this Article, who will immediately

⁺ See footnote to the reference to this Agreement in paragraph 2 of Article H.

inform all other Members of the Organization.

2. The withdrawal shall take effect six months from the date of the receipt of the notification by the Secretary-General: PROVIDED, That the notification may be withdrawn at any time during that period.

3. This Charter may be terminated at any time by agreement of three-fourths of the Members of the Organization.
