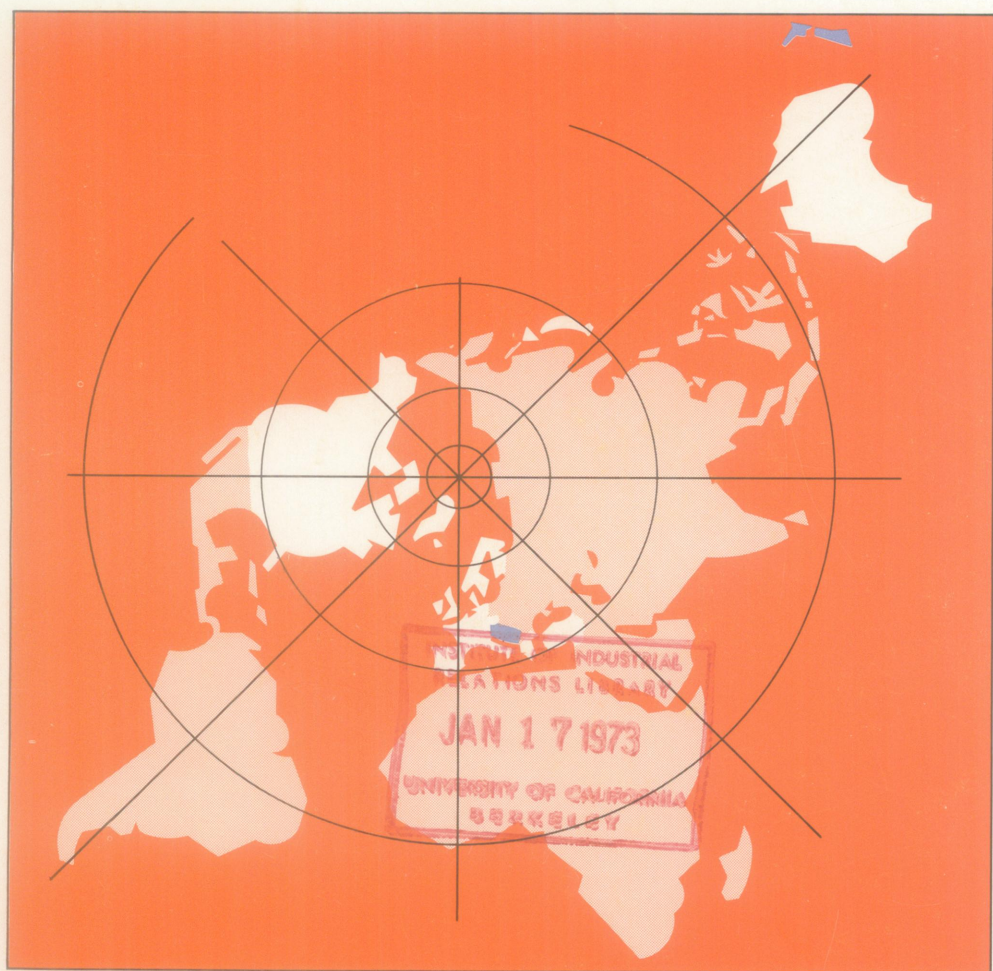


Organization for Economic Cooperation and Development ✓

OECD

History · Aims · Structure



Organisation for Economic Co-operation
and Development 11

OECD

History, Aims, Structure

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Chapter I

HISTORY

The Origins of OECD

THE Organisation for Economic Co-operation and Development began its official existence on 30th September, 1961.

At that date it succeeded its predecessor, the Organisation for European Economic Co-operation (OEEC), whose original tasks—the administration of Marshall Plan Aid and the co-operative effort for European recovery from the economic disaster of the Second World War—had long been completed, though many of its activities had continued or had been adjusted to meet the needs of European economic expansion. During the closing years of OEEC's existence changing general economic conditions throughout the world, and in particular the increasing drawing together of the industrialised countries, called for new arrangements for international economic co-operation. The once seemingly ineluctable dollar gap had disappeared, quantitative restrictions on trade within Europe had virtually been eliminated, and the return had been successfully made to an advanced degree of currency convertibility. As the result, it was becoming increasingly the case that the policies of any individual country had a direct and unavoidable influence for good or bad on economic conditions in every other country.

This increased interdependence of the industrialised countries made it logical to plan for an Organisation in which the North American countries would participate on an equal footing. Such a grouping would be enabled, moreover, by acting together to give a higher priority than in the past to the problems of helping the less-developed countries of the world. Finally, many trade

problems remained unsolved, among them those arising from the creation of smaller European groupings whose members belonged at the same time to the wider circle of OEEC.

It was therefore felt on both sides of the Atlantic that the time was opportune for an extension of the successful economic co-operation which had grown up among the European countries of OEEC to include Canada and the United States.

A Western Summit Meeting

The Presidents of France and the United States of America, the Chancellor of the Federal Republic of Germany and the Prime Minister of the United Kingdom met in Paris in December 1959 to take the first practical steps in this direction. A communique issued at the close of this meeting on 21st December reads as follows:

"The Heads of State and Government have discussed the important changes that have taken place in the international economic situation. Recognising the great economic progress of Western Europe, they have agreed that virtually all of the industrialised part of the free world is now in a position to devote its energies in increased measure to new and important tasks of co-operative endeavour with the object of:

- "(a) furthering the development of the less-developed countries, and
- "(b) pursuing trade policies directed to the sound use of economic resources and the maintenance of harmonious international relations, thus contributing to growth and stability in the world economy and to a general improvement in the standard of living.

"In their view these co-operative principles should also govern the discussions on commercial problems arising from the existence of European economic regional organisations, which are or will be constituted within the framework of the GATT, such as the European Economic Community and the European Free Trade Association. Their relations both with other countries and with each other should be discussed in this spirit.

"The Heads of State and Government, recognising that the method of furthering these principles requires

intensive study, have agreed to call an informal meeting to be held in Paris in the near future. They suggest that the members and participants of the Executive Committee of OEEC and the Governments whose nationals are members of the Steering Board for Trade of OEEC should be represented at this meeting.

"It is proposed that an objective of such a group should be to consider the need for and methods of continuing consultations dealing with the above-mentioned problems."

The Special Economic Committee

Representatives of thirteen countries¹ and the European Economic Commission (the "Six") met on 12th-13th January, 1960, as the Special Economic Committee, and adopted a Resolution expressing the desire to proceed with an examination of improved organisational arrangements which could best accomplish the objectives of continued economic co-operation, the pursuit of economic policies which would contribute to stability and growth in the world economy, sound trade policies and the increase of efforts to further the development of less-developed countries. The Committee proposed:

"1. That a meeting of senior officials of the twenty Governments, Members or Associate Members of OEEC, and to which the European Communities should also be invited, be convened in Paris on April 19, 1960 to consider the question of appropriate arrangements to achieve the objectives stated above;

"2. That, in order to facilitate the work of such a meeting, a group of four persons should be appointed to prepare a report which would:

"(a) examine the most effective methods for achieving the objectives referred to above and make appropriate recommendations with respect thereto;

"(b) submit a draft of articles of agreement, should their examination of this question indicate the desirability of bringing about an appropriately improved organisation for economic co-operation;

1. Belgium, Canada, France, Denmark, the Federal Republic of Germany, Greece, Italy, the Netherlands, Portugal, Sweden, Switzerland, the United Kingdom, the United States.

“(c) identify those functions at present performed by OEEC which should continue to be the subject of international economic co-operation under the aegis of the proposed improved organisation, including appropriate organisational arrangements with respect thereto ;

“3. That the group named above should consult with all twenty Governments and the European Communities and appropriate international organisations during the preparation of their report without, however, committing any Government as to the content of the report, which would be submitted by them in their personal capacities and which would be open for discussion and negotiation at the meeting envisaged in paragraph 1 above.”

A second Resolution of the Special Economic Committee noted that eight governments¹ intended to meet to discuss aspects of development assistance, and invited other capital exporting countries to participate in this work. The Committee also decided to propose to the twenty governments that they should constitute themselves, together with EEC, a committee with power to establish one or more informal working groups for the consideration of trade problems arising from the existence of EEC and of the convention for a European Free Trade Association (the “Seven”).

The following day these Resolutions were unanimously approved by the Ministers of the twenty OEEC Member and Associate Countries², together with a representative, as before, of EEC.

The Group of Four on Economic Organisation

The group of four mentioned in the Special Economic Committee's Resolution was shortly afterwards selected and began its meetings in Paris under the chairmanship of Ambassador W. Randolph Burgess; they agreed to call themselves the Group of Four on Economic Organisation³.

1. Belgium, Canada, France, the Federal Republic of Germany, Italy, Portugal, the United Kingdom and the United States.

2. The present OECD Members (less Australia, Finland and Japan).

3. The other three were M. Bernard Clappier (France), Sir Paul Gore-Booth (United Kingdom), and Mr. Xenophon Zolotas (Greece).

The group invited the twenty governments, EEC, and a number of international organisations to put forward their views on the most appropriate means of attaining the objectives set forth in the resolution. Frequent meetings were also held with the senior officials of OEEC.

The Report of the "Four Wise Men", as they were generally called, was published on 7th April, 1960, its authors drawing special attention in their preamble to the following points:

1. There had been extraordinary progress by the Western European countries and the two associates from North America since the end of World War II in working together. This successful venture in co-operation had taken many forms, but everybody agreed that one of the most effective had been OEEC, and everybody also believed that this co-operation should be continued and strengthened.
2. A turning point had now been reached. Europe had largely recovered from war-time destruction and disorganisation and enjoyed a new prosperity. New types of problems had arisen not less demanding in terms of the effort required to deal with them.
3. Countries with great economic power recognised their responsibilities towards their neighbours, the less-developed countries.

The group's report "A Remodelled Economic Organisation", after sketching the historical background of OEEC, and defining aims and tasks for the new Organisation, made proposals for its Membership and name. On the first point, the authors suggested that the founding Membership of the new Organisation should be open initially to the twenty governments which were Members or Associates of OEEC, that is, with the inclusion of Canadian and United States membership. Provision was also made for the accession of other countries, by unanimous invitation, which were prepared to assume the obligations of the Organisation and to sign its Convention, a draft for which was included in the report. It was also proposed that the Convention should provide for the possibility of establishing special relations with non-member countries, short of full membership, or of inviting their participation in one or more of the Organisation's

activities. Finally, a draft Protocol was annexed to the draft Convention contained in the last part of the Report, fixing the terms for the participation of the European Communities.

With regard to the name of the remodelled Organisation, the Report suggested "Organisation for Economic Co-operation and Development", which would not only emphasise its concern for the economic growth of all Member countries, but would also affirm the active interest of the Organisation in the well-being of less-developed countries, both Member and non-member.

The report went on to define obligations of membership, structure, relations with other international organisations, and legal considerations, and devoted a chapter to the solution of transitional problems. In the last-named, it was proposed that a Preparatory Committee for the new Organisation, consisting of representatives of the twenty governments and of EEC, should be set up under the chairmanship of the Secretary-General Designate. This Committee would not only study the structure and tasks of the future Organisation, but would also review:

- which acts of OEEC should be allowed to lapse;
- which should be adopted by the Council without change; and
- which should be adopted with modifications.

Conference on the Reconstitution of the Organisation

The next step was the calling of a Conference to discuss the reconstitution of OEEC. This took place on 24th-25th May, 1960, when it was decided to set up a Working Party of Representatives of the Twenty Governments and the European Communities to draw up a Draft Convention remodelling the Organisation, basing its work on that of the Group of Four; and to survey the Acts of OEEC.

A full Ministerial meeting took place on 22nd-23rd July, when the work of the Working Party was reviewed and a number of resolutions adopted.

The first of these formally established the proposed Preparatory Committee under the chairmanship of the Secretary-General Designate (Mr. Thorkil Kristensen), instructed to complete the draft Convention and to carry out further work on the detailed reconstitution of the Organisation into OECD. It was also resolved that the new Organisation should include a Trade Committee,

and that the Development Assistance Group which had been set up on the proposal of the Special Economic Committee in January (see above) should be constituted as the Development Assistance Committee of OECD.

Work of the Preparatory Committee

The Preparatory Committee began its work on 14th September and was in virtually continuous session until 23rd November. By this date the Committee had accomplished its tasks: the Draft Convention was complete, the structure of the reconstituted Organisation had been defined, and a list had been drawn up of those Acts of OEEC to be recommended to the Council of OECD for their approval.

The final stage in the negotiations was reached at a Ministerial meeting held in Paris on 13th December, 1960, when the Ministers decided to "approve the Report of the Preparatory Committee and accept the recommendations contained therein."

Signature of the OECD Convention¹

On 14th December the Convention setting up the Organisation for Economic Co-operation and Development was signed by Ministers of the twenty Member countries in the Salon de l'Horloge at the Quai d'Orsay, where the Convention establishing OEEC had been signed more than twelve years before.

During the first nine months of 1961, work continued on the remodelling of the Organisation, still under its old name of OEEC. By 30th September, however, sufficient ratifications of the signature of the Convention (seventeen of the possible twenty) had been received by the Depository Government (France) to enable the reconstituted Organisation to come into being officially. The remaining three ratifications were added at a later date.

Thanks to the detailed preparatory work that had already been carried out, the transition from OEEC to OECD went with exemplary smoothness, though a number of problems affecting the new structure remained for further study before settlement.

1. See Appendix.

OECD Ministerial Meetings

In December 1961, Ministers of the twenty countries met for the first time as the Ministerial Council of OECD. At this meeting, during which economic prospects and the aims of the reconstituted Organisation were discussed, a growth target was set for attainment during the decade 1960-1970 of 50 per cent in real gross national product for the Member countries taken together.

Meetings at Ministerial level have since taken place once a year. At the 1970 meeting a new growth target was set for the OECD area as a whole of the order of 65 per cent for the decade 1970-1980; at the same time Ministers stressed that increased attention must be given to the qualitative aspects of growth. At the 1971 meeting the main emphasis was placed on greater liberalisation of international trade (for which a high level group to analyse trade and related problems in a longer-term perspective was decided upon); and economic policy co-operation to ensure that Member countries would concert their short- and medium-term policies in the interests of them all and taking into account their responsibilities towards the developing countries as set forth in the OECD Convention.

Later Accessions to OECD Membership

In accordance with the provisions of Article 16 of the OECD Convention, the Council invited the Governments of Japan (1963), Finland (1968) and Australia (1971) to accede to the Convention and to become Members of the Organisation.

Japan thus became a full Member in 1964, and Finland in 1969. Australia, which had previously held full membership only in the Development Assistance Committee (see page 16) officially acceded to the Convention, and thus to full membership in June 1971.

Chapter II

AIMS AND TASKS

The Convention

THE final form of the statement of aims of the Organisation contained in the Convention signed by the Ministerial Council in December 1960 reads as follows:

Article 1

"The aims of the Organisation for Economic Co-operation and Development (hereinafter called the 'Organisation') shall be to promote policies designed:

- "(a) to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;
- "(b) to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development; and
- "(c) to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations."

The Convention goes on to state that Member countries, both individually and jointly, agree to:

- "(a) promote the efficient use of their economic resources;
- "(b) in the scientific and technological field, promote the development of their resources, encourage research and promote vocational training;
- "(c) pursue policies designed to achieve economic growth and internal and external financial

- stability and to avoid developments which might endanger their economies or those of other countries;
- “(d) pursue their efforts to reduce or abolish obstacles to the exchange of goods and services and current payments and maintain and extend the liberalisation of capital movements; and
 - “(e) contribute to the economic development of both Member and non-member countries in the process of economic development by appropriate means and, in particular, by the flow of capital to these countries, having regard to the importance to their economies of receiving technical assistance and of securing export markets:”

Co-ordination of Economic Policy

A major objective of economic policy is to combine sustained economic growth and full employment with monetary stability. Achievement of this objective by the industrialised countries is an essential condition for continuous growth in the world economy as a whole; assistance to the less-developed countries can only be effective if based on sustained growth in the highly-developed lands.

The OEEC had already instituted annual reviews of each Member country's economic situation and prospects; and had also carried out more general analyses of overall economic developments and trends.

The annual review procedure has been continued. Under this procedure each country submits its economic situation and policies to the examination of its partners, thus providing for discussion of major problems and receiving an informed view on the impact of its policies on its neighbours. One of the results of this procedure is the publication of an annual Survey for each country, the text of which is approved by all Members, including the country under consideration.

Inspection of more general economic trends in Member countries as a whole has also become more rigorous. One field in which OECD has become particularly active is the forecasting of short-term trends and

assessment of their implications for policy. National economic policies are necessarily far more sensitive to changes in world trends and to measures taken by other countries than in former days; independent pursuit by each country of its own objectives risks provoking serious disequilibria in the world economy, and may also prevent those objectives being attained. It is therefore of the first importance to maintain and improve the co-ordination of Member countries' economic policies. This is achieved through the meetings of the Economic Policy Committee, composed of the high officials responsible for general economic policy in their respective countries, and of central bankers. This committee is assisted by certain important subsidiary bodies (see Chapter III). A major preoccupation of the Organisation has always been the preservation and strengthening of monetary stability, without which adequate growth rates are unlikely to be achieved on a continuing basis; thus particularly close and continuous watch is devoted to balance of payments developments and the trend of prices. The Organisation has also become increasingly involved in identification of the major problems that accompany growth in industrialised countries—the inconveniences which accompany the advantages of material progress—and in the policy implications to be drawn therefrom.

The Environment

While not specifically included in the Convention as an objective of the Organisation's work, studies on technical aspects of environment problems—pollution, aircraft noise, traffic congestion and so on—have been carried out for a number of years under the general scientific research programme of OECD. At a later stage, it was recognised that governmental interest in maintaining or promoting an acceptable human environment must now be developed in the framework of policies for economic growth.

In pursuing its work in this field OECD puts emphasis on the economic and trade implications of environmental policies, relating such policies to qualitative objectives of growth policies and formulating concerted solutions to problems having substantial international implications. Work on the technical aspects of these problems has been continued and expanded.

Aid to Developing Countries

Parallel with the efforts of the OECD countries to solve, through co-operation, the economic problems facing them at national and international levels, are their endeavours to discharge, in the most effective way possible, their responsibilities towards the developing countries of the rest of the world. These responsibilities derive from the fact that OECD countries form by far the largest suppliers of aid both financial and technical—some 95 per cent of the global total of such aid from official and private sources together.

As regards total financial flows (including official aid, private investment and export credits) the donor countries are committed to the attainment of the target of 1 per cent of gross national product. At the same time they endeavour to transfer a major portion of such resources to the developing countries in the form of official development assistance. They are also committed to increased contributions to multilateral agencies.

But efforts must also be made to improve the quality of aid. Improved geographical distribution of aid; a fairer adjustment of the financial terms of assistance to the economic and financial situation of the recipient countries; the “untying” of aid from conditions which tend to reduce its effectiveness; the study of ways to encourage private flows; and the consideration of the obstacles in the way of more effective implementation of aid. These are some of the problems which concern OECD Members and ensure that they and developing countries alike are partners in development.

This work is carried out in the Development Assistance Committee (see page 24) which comprises all the major developed countries of OECD: Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Norway, Portugal, Sweden, Switzerland, the United Kingdom, the United States—together with the Commission of the European Communities. The DAC was set up to augment the flow of financial resources to the less-developed countries and to increase its effectiveness. To this end, among other means, it carries out an Annual Aid Review of each of its members’ performance and policies.

Some of the OECD Member countries are themselves

at a stage of economic development (Greece, Portugal, Spain and Turkey) and an operational programme for their benefit is carried out by the OECD Technical Co-operation Committee. Yugoslavia, a non-member of OECD, also benefits from this programme.

Trade

There is still much scope for reduction of obstacles to trade as regards the classical instruments of protection, i.e. quantitative restrictions and tariffs. But trade expansion is also hampered by various other kinds of obstacle: import procedures, discriminatory taxes, technical regulations, restrictive rules and practices in government procurements, and the like. In addition, all state intervention which distorts trade competition and the allocation of resources is increasingly taken into account—e.g. officially supported export credits and sectoral aids—with the result that trade policy embraces an ever-widening range of issues.

Trade policies designed to help increase the export earnings of developing countries have been recognised as a necessary complement to financial and technical assistance extended to these countries. The Organisation therefore examines the measures applied and the policies envisaged by Member countries to facilitate imports from developing countries; for example, OECD plays a central role as regards the introduction of a system of generalised, non-reciprocal and non-discriminatory tariff preferences for the benefit of developing countries.

Financial Affairs

Broadly speaking, the task is to foster free international flows of payments, services and capital, globally and with particular attention to some service industries, and to maintenance of a competitive climate.

In the international payments field, OECD has an established mechanism—the European Monetary Agreement—from whose European Fund credit facilities can be granted on a short-term basis to Member countries in temporary balance-of-payments difficulties; and which provides the possibility of settling inter-country payment balances at guaranteed exchange rates through a system of multilateral settlements.

Furthermore the Organisation has taken over from the OEEC the two Codes for the Liberalisation of Capital Movements, and of Current Invisible Operations, the aim of which is to ensure the highest attainable degree of freedom for transactions and transfers between Member countries in the fields of capital movements and current operations. The Organisation is engaged also in co-operative activities designed to improve the capital markets of Member countries, with a view to increasing the availability of savings for investment and promoting balance of payments equilibrium.

There are other related activities which are essential to the main objectives of OECD: fiscal matters, restrictive business practices, insurance, maritime transport, tourism and consumer policy are among them.

Science and Education

Both economic growth and development depend greatly on human skills and on the application of new knowledge. OECD is therefore concerned with the quality and utilisation of human resources and the various aspects of science policy at national and international levels. These aspects include links between science and economic growth, the expansion of research, development and innovation to meet social needs and the more effective management and control of technology in the public interest.

Educational planning needs to be related more closely to educational policy. As such, it must develop the tools necessary to serve the practical needs of policy analysis and provide guidance in decision-making and the allocation of resources in education. Subjects studied in this context relate to the growth in educational demand and equality of educational opportunity, together with the needs for structural changes and for innovation throughout the educational system, through which education can be enabled to respond to modern needs.

Manpower and Social Affairs

For a number of years OECD has urged Member governments to adopt "an active manpower policy" as an integral part of their economic policy under due consideration for social equity and welfare aspects. The general task is to improve the matching of supply and demand

in the labour market. The use of overall economic policy instruments for promoting full and stable employment must be supplemented by selective activities, such as job creation in labour surplus areas and measures to facilitate and stimulate the adaptation of the labour force to the rapidly changing needs of the economy. Success with such adoptive measures should contribute to the economic problem of harmonising full employment with reasonable price stability.

Industry and Energy

Major developments in the field of industry which require co-operation among Member governments, their industrial policies, and problems of industrial adaptation are kept under constant review in OECD. Special work is undertaken on such matters as regional development, multinational companies, small and medium-sized businesses, and management education.

The energy policies of Member countries are systematically examined and the estimated trend of supply and demand of the various types of energy are reviewed in order to keep these factors in balance. The special position of oil as a source of energy has resulted in the setting up of a separate Oil Committee.

Agriculture and Fisheries

Agriculture presents Member governments with some of their most complex and intractable problems. The expansion of trade in agricultural products on a multilateral basis is difficult to achieve unless there is some international co-ordination of policies. To ensure this, the procedure of confrontation and consultation between Member countries has been introduced into this sector of activities since 1955. Particular attention has to be paid to the problems of those Member countries whose economies depend mainly on agriculture, and whose exports consist almost exclusively of agricultural products. Work on agricultural problems is integrated with the more general problems of stability and growth. The Organisation also concerns itself with fisheries problems affecting its Member countries.

Nuclear Energy

OECD activities in the field of nuclear energy are carried out through the European Nuclear Energy Agency (ENEA) which was set up in December 1957 and which comprises eighteen European Member countries of OECD, Canada, Japan and the United States as Associate Members, and the Commission of the European Communities. The aim of ENEA is to foster the use of nuclear energy for peaceful purposes, in particular:

- by setting up joint undertakings in which research installations are jointly built and operated ;
- by the promotion of closer scientific and technical co-operation between the OECD countries, particularly through jointly sponsored research programmes and the provision of common services ;
- by the solution of administrative and regulatory problems affecting the development of nuclear industry in Europe, so helping to evolve uniform atomic regulations especially in the fields of health and safety, liability and insurance for nuclear risks, transport of radioactive materials, waste management and disposal ;
- by study of the economic aspects of nuclear energy with a view to optimising its contribution to meeting Europe's future energy demands.

Chapter III

STRUCTURE AND FUNCTIONS

THE component bodies of the governmental and Secretariat structure of the Organisation are shown in the structural diagram. The following paragraphs provide more detailed information on the composition and functions of these bodies.

COUNCIL

The Council is the supreme body of the Organisation ; it is composed of representatives of all Members, and meets from time to time at Ministerial level and regularly at Permanent Representative level ; in either case, it exercises similar powers. The Council designates annually a Chairman and two Vice-Chairmen at Ministerial level ; at Permanent Representative level the Secretary-General is Chairman.

The Council is the body from which all general or administrative decisions taken by the Organisation derive:

- (a) all questions of general policy which arise in the Organisation fall within its competence and it is the Council which considers the preparatory studies submitted by the different bodies of the Organisation or the Secretariat. Finally, it can take decisions which are binding on Members ;
- (b) the Council decides on the measures to be taken to ensure the proper working of the Organisation. To this end, it may at any time set up committees or any other bodies which appear necessary for the performance of the tasks of the Organisation. In addition, the Council is the final authority in administrative matters ; it approves the

budget of the Organisation, and the Staff Rules and Regulations laid down by the Secretary-General.

The Rules of Procedure of the Organisation indicate the different categories of acts which the Council may adopt. These are:

- (a) "Decisions" which, within their strict meaning, are Acts binding on Members and which must be implemented by them in accordance with the Convention of 14th December, 1960, after the appropriate constitutional procedure has been followed by each of them ;
- (b) "Agreements" with Members, non-member states or international organisations ;
- (c) "Recommendations" for consideration by Member or other governments or international organisations in order that these may, if they consider it opportune, provide for their implementation ;
- (d) "Resolutions" concerning the work of the Organisation, and in particular requests for information from Members.

All Acts of the Council must be agreed by all the Members, that is to say that the powers of the Council are exercised in accordance with the rule of unanimity. Nevertheless, in order to allow for the special situation of certain Members, two exceptions have been made to this rule:

- (a) the first provides that the Council may unanimously decide to adopt a different voting rule in certain special cases ;
- (b) the second provides for the abstention of a Member country which, for reasons of its own, does not wish to take part in a given decision, or declares itself not to be interested in its adoption. This does not invalidate the decision, which may be implemented by the other Members between themselves.

THE EXECUTIVE COMMITTEE

The Executive Committee consists of representatives of twelve Members designated annually by the Council; from this number the Council designates annually a Chairman and one or two Vice-Chairmen.

Questions to be submitted to the Council, whether relating to the general policy of the Organisation or to the progress of its work, are first examined by the Executive Committee. The Executive Committee is not, however, competent to take decisions except on the authority of the Council, and can act only in accordance with the instructions and directions of the Council, to which it must report. It may be called upon by the Council to carry out specific tasks as, for example, when there is a need to co-ordinate certain particularly extensive and protracted studies.

ECONOMIC AFFAIRS

Economic Policy Committee

This Committee, composed of senior officials responsible for the formulation of general economic policies, keeps the economic developments in all Member countries under review, together with the policies they are following to help attain the objectives of the Convention.

The Committee pays special attention to the international repercussions of national policy measures. These are particularly important now that many of the obstacles to the free movement of goods and capital have been removed.

The Committee has Working Parties on longer-term problems of economic growth, on the promotion of better international payments equilibrium and on the policies through which governments seek to solve the problem of rising costs and prices.

Economic and Development Review Committee

The Economic and Development Review Committee is responsible for the annual economic survey of individual Member countries and of Yugoslavia. Every country's economic situation and policies are examined by a panel of representatives of other Member governments and the results of each examination are published in a regular series.

The Committee is also responsible for advising the Council on the special growth problems of Member countries in the course of development, i.e. less-industrialised OECD countries.

ENVIRONMENT

Environment Committee

The study of environmental problems, notably those associated with water, air, pesticides, noise and urban development, has been a feature of the OECD programme of work for many years. More recently, an Environment Committee has been set up responsible for the overall direction of the work of OECD Sector Groups dealing with water, air, transportation and urban policies; other Sector Groups are to be set up as appropriate.

Certain urgent issues of a multi-disciplinary nature are to be studied by *ad hoc* Groups designed to carry out a rapid analysis of the existing situation in the sector concerned, and to indicate what practical measures may be taken for its betterment, the costs involved, and the possible repercussions of these measures on policies in other sectors. Such issues include detergents and water pollution, pollution from the pulp and paper industry, fuel combustion and air pollution, air pollution from motor vehicles, urban traffic congestion, the economics of vehicle noise abatement, urban waste collection and disposal, and so on.

The 1971 programme includes studies on the impacts of the motor vehicle, pollution from stationary power sources and pollution from the pulp and paper industry.

DEVELOPMENT ASSISTANCE

Development Assistance Committee

The Development Assistance Committee (DAC) has as its fundamental objective the expansion of the aggregate volume of resources made available to the less-developed countries and the improvement of their effectiveness (see page 16). DAC Members have acted together in a number of ways to improve their aid policies, for example:

- to accept a minimum target for the level of their aid;
- to relate the terms of aid to the debt-servicing capacity of recipient nations;
- to improve the flow and increase the effectiveness of private investment in the developing countries;

- to broaden the geographic distribution of aid ; and
- to increase understanding of the performance and other factors affecting effectiveness of the development process at the country level.

Members' technical aid programmes are reviewed at the same time as their financial aid programmes. The discussion extends therefore to such questions as the recruitment of experts to implement technical co-operation programmes, facilities for students and trainees from developing countries and the contributions which private organisations make to technical assistance efforts.

Technical Co-operation Committee

This Committee is responsible for drawing up and supervising the programmes of technical assistance arranged for the benefit of certain Member countries, or areas of such countries in the process of development. These programmes involve national and regional economic planning, agricultural development, vocational training, planning for manpower and scientific needs and industrial development.

The OECD Development Centre

The Centre, directed by an international staff, is in a position to draw upon the experience, knowledge and statistical data available in other branches of OECD. It carries out a programme of:

- research into the basic economic problems of developing countries, including seminars with representatives of the developing countries themselves, to examine more deeply and broaden understanding in the Organisation of important aspects of the development process from the recipients' side ;
- co-operation with (and between) research and training institutes ;
- activities within the general framework of the transfer of experience and know-how, in response to precise requests from the authorities of developing countries, for example the determination of means designed to correlate educational planning and manpower needs ;

- provision of documentary information in reply to specific questions raised by policy-makers in the developing countries.

In addition, the Centre has since 1968 carried out a programme of demographic activities designed to draw the attention of Member and non-member countries to the importance of the demographic aspects of economic development.

INTERNATIONAL TRADE

Trade Committee

Within the framework of the Trade Committee and its subsidiary bodies, and with a view to contributing to the expansion of world trade on a multilateral, non-discriminatory basis, Member countries consider questions relating to trade policies and practices which are selected for their practical interest and topical character, or consult with each other on particular trade issues. Any Member country may obtain prompt consideration and discussion by the Committee of trade measures taken by another Member which adversely affects its interest, with the object of minimising or removing such adverse effects.

The Committee is used also as a forum for mutual information, consultation and co-ordination on trade policy issues arising in relations with non-member countries.

FINANCIAL AFFAIRS

The Board of Management of the European Monetary Agreement

The European Monetary Agreement was signed by the eighteen Member countries of OEEC in 1955. It was designed to replace the European Payments Union under conditions of convertibility and it came into force at the end of 1958 when most of the OEEC countries established external convertibility for their currencies. When OEEC was reconstituted as OECD in 1961 this entailed no changes in the EMA, which is a separate international agreement, and all the Member countries of the OEEC continued as Contracting Parties to the EMA; but the countries which

joined OECD, Canada and the United States at the start and Australia, Japan and Finland later, have not, up to now, acceded to the EMA.

The general objective of the EMA is to foster the achievement and maintenance of full multilateral trade and convertibility by providing a framework for monetary co-operation between governments and between central banks. It has two parts: the European Fund, which has a capital of \$ 600 million and can grant credits in gold for periods of up to five years to aid Member countries to overcome temporary balance-of-payments difficulties; and a Multilateral System of Settlements, under which each Member country's central bank is assured of obtaining settlement in dollars, at a guaranteed exchange rate, of its holdings in other Members' currencies.

The operation of the EMA is supervised by the Board of Management, a group of eight financial experts nominated by Member countries and appointed by the Council. The execution of the operations is entrusted to the Bank for International Settlements acting as Agent for OECD.

Committee for Invisible Transactions

This is a restricted Committee of twelve experts primarily responsible for the progressive removal of restrictions, within the framework of the general objectives of the Organisation, on the international movement of services and capital. The Committee watches over the implementation of the Codes of Liberalisation of Current Invisible Operations and of Capital Movements and deals with all matters relating to them.

Payments Committee

This plenary Committee reviews reports of the two restricted Committees mentioned above—the Committee for Invisible Transactions and the Board of Management of the European Monetary Agreement—and forwards to the Council any comments of all governments on those reports.

Committee on Financial Markets

This Committee is another plenary body which studies the operation of national financial markets of Member coun-

tries as well as of the international market with a view to their long-term improvement and to their liberalisation. Among its main subjects at present are mutual funds and the Eurobond market.

Group of Financial Statisticians

Set up as part of the work of the Organisation on capital markets, this group has advised on the contents and publication, on a regular basis, of the OECD Bulletin of Financial Statistics.

Committee on Fiscal Affairs

The Committee on Fiscal affairs has prepared Draft Conventions for the avoidance of double taxation on Income and Capital in 1963 and on Estates and Inheritances in 1966 and works on adding to and improving these Drafts. It also studies other international fiscal questions, such as double taxation Conventions with developing countries and value-added taxes.

Insurance Committee

The Insurance Committee deals with insurance questions which concern Member countries internationally and in particular with liberalisation of international insurance operations. In the latter context it works on various studies aiming at some degree of harmonisation of national governmental insurance supervision in Member countries.

Tourism Committee

The Tourism Committee is responsible for problems connected with the development of tourism in Member countries. In its annual report, it surveys the trends in international tourist traffic and tourist receipts and expenditure in foreign currencies and comments upon the measures affecting international tourism taken by OECD Member countries.

Committee of Experts on Restrictive Business Practices

The Committee studies problems connected with monopolies, cartels and other restrictive business practices.

It reviews developments in Member countries and European regional organisations, particularly with regard to legislation and its application. It is responsible for publishing and keeping up to date the "Guide to Legislation on Restrictive Business Practices".

Maritime Transport Committee

The Maritime Transport Committee keeps the Organisation informed of significant developments regarding maritime transport. It is responsible for organising consultations on the shipping policies of Member and non-member countries and serves as a forum for OECD Member countries concerning questions raised in the United Nations Conference on Trade and Development (UNCTAD). An annual report is published covering developments in international shipping policies, freight markets, shipping supply and demand, and other matters of topical interest.

Committee for Consumer Policies

Set up within OECD at the end of 1969 for an initial period of two years, the Committee is preparing a comparative survey of legislation and activities in the field of consumer protection and information in Member countries which will form the basis for the mutual exchange of ideas and experience between Member countries and thus help to develop more comprehensive consumer policies. Comparative testing of products and product-related services, labelling of products, the international aspects of consumer policy and the question of product safety and protection of consumers are among the Committee's projects.

The Consortia for Greece and Turkey

Two special bodies set up to co-ordinate efforts of some Member countries to secure long-term financial assistance to the countries concerned in addition to the normal work of the Organisation with regard to their development. The International Monetary Fund, the International Bank for Reconstruction and Development and the European Investment Bank participate in the work of the Consortia.

SCIENCE AND EDUCATION

Committee for Scientific and Technological Policy

Replacing the former Committee for Science Policy, this Committee is responsible for encouraging co-operation among Member countries in the field of scientific and technological policies with a view to contributing to the achievement of their economic and social aims, in particular:

- promoting the exchange of experience and information on, and facilitating the definition of, policies for science and technology;
- proposing means for the more effective coordination of national and international efforts in scientific and technical research and development;
- calling attention to areas where innovation is of special importance, with a view, particularly, to meeting new needs in the public sector and in the light of the appropriate contribution of the social sciences;
- studying foreseeable developments of technology and their economic, social and cultural consequences;
- examining the implications of new developments in the field of scientific and technical information and documentation and of computer sciences.

Committee for Education

Established to replace the Committee for Scientific and Technical Personnel, and to study problems of educational growth and development policies, with particular reference to resource allocation and use in education. Specific substantive issues under consideration include problems of resources and finance to meet educational demand; the structural consequences which the growth resulting from this demand has on the educational system, and its relation to the labour market and the educational process. The special problems of the developing countries in these respects receive separate attention.

The Centre for Educational Research and Innovation

CERI was set up in 1968 for an initial period of three years; the Council has taken a decision of principle that its activities should continue for another period of five years. Its role is to promote and support the development of research activities in education as well as experiments of an advanced nature with a view to introducing and testing innovation in educational systems and to stimulate co-operation in research and development in education. Current activities in its Programme focus on equality of educational opportunity, with special reference to educational programmes for socially disadvantaged groups; innovation and improved management in higher education; the content and methods of education at all levels and policies and structures designed to promote innovation in education.

Steering Committee on Road Research

A Steering Committee on Road Research was set up in 1968 for an initial period of three years which has since been renewed by the Council. Its programme has two main fields of activity:

- promotion of international co-operation in construction, safety and traffic, by means of the research facilities available to Member countries and the scientific interpretation of the results of joint experiment;
- the International Road Research Documentation scheme for the systematic exchange of information and of current research programmes in Member countries.

The present programme is designed to define the scientific and technological bases needed by governments for decision-making on the most urgent road problems:

- planning, design and maintenance of the road infrastructure, taking account of economic, social and technical developments and needs;
- formulation, planning and implementation of common strategies for road safety;
- improvement of present traffic control systems, both on motorways and in cities, and integration of existing and new transport systems and facilities.

MANPOWER AND SOCIAL AFFAIRS

Manpower and Social Affairs Committee

The Manpower and Social Affairs Committee studies and compares the progress in Member countries as concerns manpower and labour market problems and policies, industrial relations developments and aspects of social planning. It also co-operates with workers' and employers' organisations so as to engage them in this work and to deepen its own understanding of industrial relations, manpower and other social issues.

INDUSTRY AND ENERGY

Industry Committee

The Committee has overall responsibility for all the Organisation's work in the field of industry: major developments and trends, the industrial policies of Member governments, and problems of industrial adaptation. Examinations of industrial policies have thrown light on government relations with industry, policies of structural adaptation, investments, and industrial disutilities. In this framework, special studies have been undertaken on regional development policies, multinational companies, small and medium-sized enterprises, management education, etc.

Energy Committee

The energy policies of Member governments are systematically considered at confrontations organised by the Energy Committee. The Committee's analysis of events and acquired experience help it to prepare energy policy decisions and to harmonise measures to balance the estimated trend of supply and demand of energy in Western Europe, North America and Japan. Special studies are also undertaken on international power exchange, natural gas and coal supplies and on environmental questions.

Oil Committee

The Oil Committee keeps Member countries' oil policy under review and studies supply and demand prospects for the OECD area. It is also responsible for the regular monitoring of the OECD stockpiling programme which was set up as a consequence of the Suez Crisis in 1956.

AGRICULTURE AND FISHERIES

Committee for Agriculture

The Committee for Agriculture considers, advises and makes recommendations to the Organisation on agricultural problems, including the confrontation of such policies. To this end its Working Party on Agricultural Policies discusses problems facing Member countries in developing their policies in this field, especially as regards their international implications.

It also deals with the short-term market outlook, the long-term problem of adjusting supply and demand and the promotion of trade. The adaptation of farm structures, education, research advisory services, marketing, and technical assistance to Member countries in process of economic development are other problems falling within the competence of the Committee. The implications for OECD of food problems in the rest of the world are also under study.

Fisheries Committee

Economic developments affecting national and international fisheries and the confrontation of fishing policies are the main concerns of this Committee. Among the questions studied are exploitation of the sea's fishery resources and utilisation, marketing and international trade in fishery products.

EUROPEAN NUCLEAR ENERGY AGENCY

Steering Committee

The controlling body of ENEA is a Steering Committee comprising representatives of all Member and Associate

Member countries and of Euratom. To help it in its work, the Steering Committee has set up a number of sub-committees and study groups, in particular a Top-level Group on Co-operation in the Reactor Field, Study Groups on Experimental Reactors, the Long-term Role of Nuclear Energy in Western Europe, Nuclear Ship Propulsion, Energy Production from Radioisotopes, and Food Irradiation, a Health and Safety Committee, and a Group of Experts on Third Party Liability.

A Control Bureau has been established to apply ENEA's *Security Control Convention* of 20th December 1957. Under this Convention, a European Nuclear Energy Tribunal has been set up to decide questions and disputes arising from application of the control, as well as from the Paris Convention on *Third Party Liability in the field of Nuclear Energy* (signed by the majority of Member countries and in force since April 1968) and the *Convention* constituting the Eurochemic Company (see below).

Scientific and Technical Co-operation

ENEA-sponsored scientific and technical co-operation is carried out largely through specialist committees, which cover such subjects as reactor safety technology, reactor physics, nuclear data (measurements of the nuclear properties of materials), direct conversion of heat into electricity by magneto-hydrodynamic (MHD) and thermionic processes, miniaturised isotopic generators and other applications of radioisotopes. Some of these committees, particularly those on reactor physics and nuclear data, are concerned with research co-ordination in all OECD countries.

Joint Undertakings and Common Services

ENEA has set up three joint undertakings: the Eurochemic Company for chemical processing of irradiated fuels at Mol (Belgium), an international shareholding company established under a diplomatic Convention of 1957; the Halden Project for joint exploitation of the boiling heavy water reactor at Halden (Norway), which dates from an Agreement signed in 1958; and the Dragon Project at Winfrith (United Kingdom) which was set up in 1959 for the construction and exploitation of an advanced type of high-temperature gas-cooled reactor.

Two common services were established in 1964, the ENEA Computer Programme Library at Ispra (Italy) and the ENEA Neutron Data Compilation Centre at Saclay (France), which act as centralised "clearing houses" for the collection, checking and diffusion of computer programmes for nuclear reactor calculations and for scientific data needed in such calculations.

An international project for wholesomeness testing of irradiated foodstuffs, set up under an Agreement signed on 14th October, 1970, was launched on 1st January, 1971, under the auspices of ENEA and the International Atomic Energy Agency in Vienna.

BUDGET COMMITTEE

The Budget Committee, which is composed of the representatives of all Member countries, advises the Council on all matters involving the finances of the Organisation and examines the draft budgets prepared by the Secretariat before they are submitted to the Council.

THE SECRETARIAT

The international Secretariat exercises all the functions necessary for the efficient administration of the Organisation assigned to it under the Convention, or entrusted to it by the Council and the Executive Committee in the course of their work.

The Secretary-General acts as Chairman of the Council at official level, and attends or is represented at meetings of the Executive Committee and other bodies of the Organisation. He prepares the meetings of the Council and the Executive Committee, may submit proposals to them, and ensures the execution of their decisions in accordance with their general instructions and directives. He also maintains relations with other international organisations, and furnishes information to the press concerning the work of the Organisation.

In these activities the Secretary-General is assisted by two Deputy Secretaries-General, three Assistant Secretaries-General and a staff of international civil servants responsible solely to the Organisation.

COUNTRIES WITH SPECIAL STATUS

Two countries have special status in the Organisation:

Yugoslavia is a full Member for confrontation of economic policies, scientific and technical matters, agricultural and fisheries questions, technical assistance and productivity; and has observer status in other matters,

New Zealand is a full Member of the Committee for Agriculture.

NATIONAL DELEGATIONS TO OECD

The government of each Member country is represented by a Permanent Delegation, with offices in Paris. The Head of each Delegation normally holds ambassadorial rank and represents his government at meetings of the Council except when these take place at Ministerial level.

RELATIONS WITH OTHER ORGANISATIONS

OECD has established formal relations with a number of international Organisations.

Under a 'Protocol to the OECD Convention, the Commission of the European Communities fully participates in the work of the Organisation. In addition, the Secretary General of the European Free Trade Association may send representatives to attend meetings of various OECD Committees. Special arrangements govern the relations with the Council of Europe, and the European Conference of Ministers of Transport whose Secretariat is located at OECD headquarters.

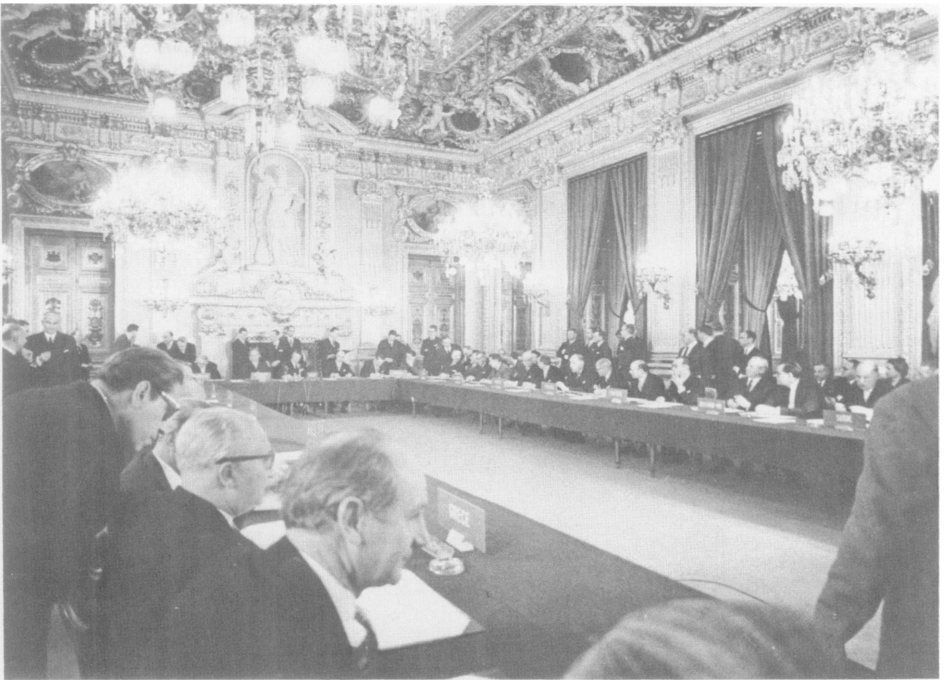
OECD has official relations with most of the United Nations agencies, i.e. the International Labour Organisation, the Food and Agriculture Organisation, the International Bank for Reconstruction and Development, the International Monetary Fund, the UN Conference on Trade and Development, the International Atomic Energy Agency, the Office of the United Nations High Commis-

sioner for Refugees, the General Agreement on Tariffs and Trade, the Economic Commission for Europe, and the United Nations Educational, Scientific and Cultural Organisation. Somewhat similar relations have been established by arrangement with the Organisation of American States, the Inter-governmental Committee for European Migration, the Customs Co-operation Council and the Bank for International Settlements, which in certain fields have objectives similar to those of OECD.

The Trade Union Advisory Committee and the Business and Industry Advisory Committee to OECD are regularly consulted by the Organisation as representative bodies of labour and management respectively. The Organisation also consults with a certain number of international non-governmental organisations: the International Chamber of Commerce, the International Union of Crafts and Small and Medium-sized Enterprises, the European Confederation of Agriculture and the International Federation of Agricultural Producers.

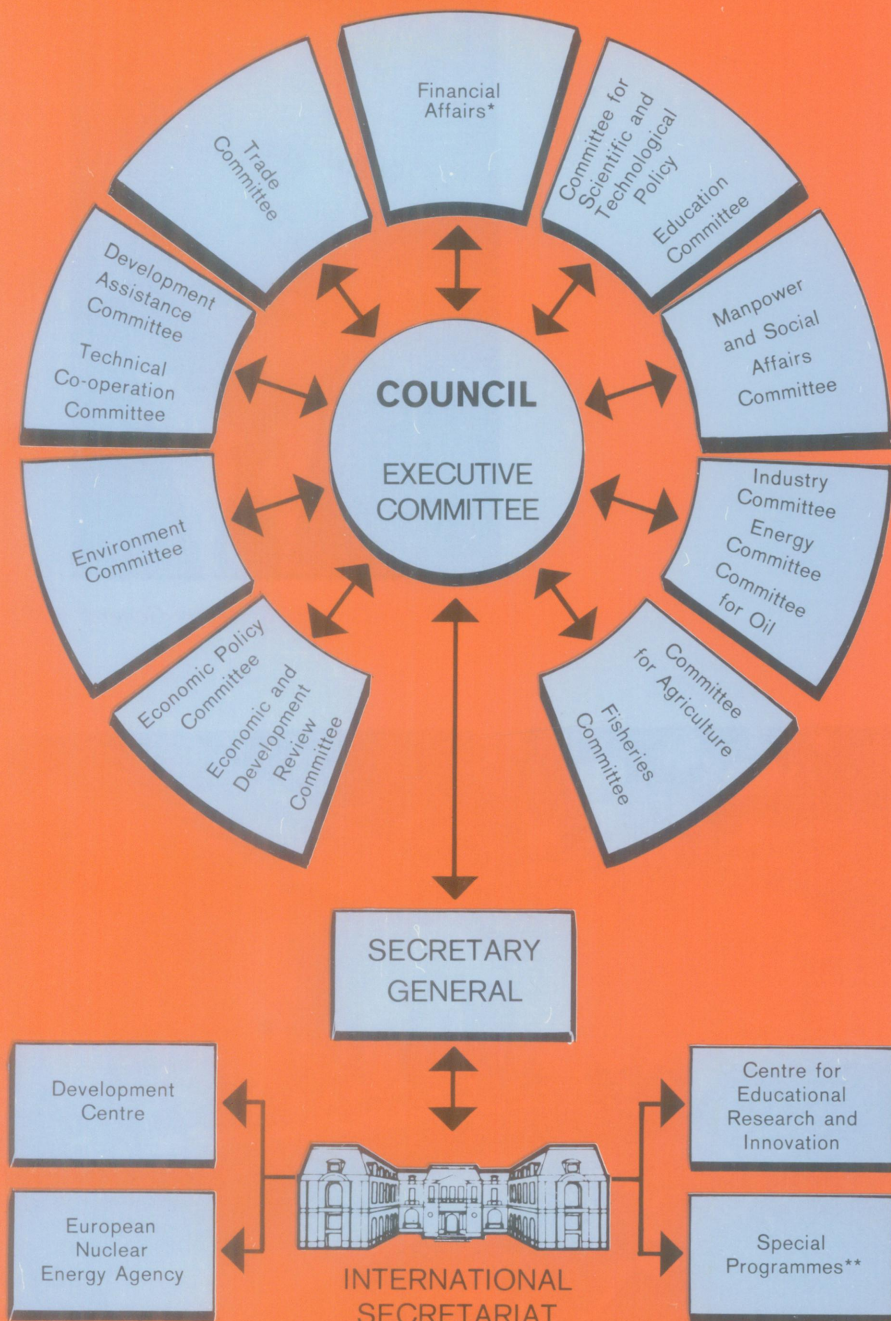


Mr Emile van Lennep, Secretary-General



Signature of the OECD Convention at the Quai d'Orsay, 14th December 1960

STRUCTURE OF OECD



divided into Directorates covering all the issues treated by the Committees.

* Board of Management of the European Monetary Agreement, Committee for Invisible Transactions, Payments Committee, Committee on Financial Markets, Group of Financial Statisticians, Fiscal Committee, Insurance Committee, Tourism Committee, Committee of Experts on Restrictive Business Practices, Maritime Transport Committee, Consumer Policies Committee, Greek and Turkish Consortia.

** Educational Building, Co-operation in Road Research.

APPENDIX

**CONVENTION
ON THE ORGANISATION
FOR ECONOMIC CO-OPERATION
AND DEVELOPMENT**

**CONVENTION
ON THE ORGANISATION
FOR ECONOMIC CO-OPERATION
AND DEVELOPMENT**

The Governments of the Republic of Austria, the Kingdom of Belgium, Canada, the Kingdom of Denmark, the French Republic, the Federal Republic of Germany, the Kingdom of Greece, the Republic of Iceland, Ireland, the Italian Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands, the Kingdom of Norway, the Portuguese Republic, Spain, the Kingdom of Sweden, the Swiss Confederation, the Turkish Republic, the United Kingdom of Great Britain and Northern Ireland and the United States of America ;

Considering that economic strength and prosperity are essential for the attainment of the purposes of the United Nations, the preservation of individual liberty and the increase of general well-being ;

Believing that they can further these aims most effectively by strengthening the tradition of co-operation which has evolved among them ;

Recognising that the economic recovery and progress of Europe to which their participation in the Organisation for European Economic Co-operation has made a major contribution, have opened new perspectives for strengthening that tradition and applying it to new tasks and broader objectives ;

Convinced that broader co-operation will make a vital contribution to peaceful and harmonious relations among the peoples of the world ;

Recognising the increasing inter-dependence of their economies ;

Determined by consultation and co-operation to use more effectively their capacities and potentialities so as to promote the highest sustainable growth of their economies and improve the economic and social well-being of their peoples;

Believing that the economically more advanced nations should co-operate in assisting to the best of their ability the countries in process of economic development;

Recognising that the further expansion of world trade is one of the most important factors favouring the economic development of countries and the improvement of international economic relations; and

Determined to pursue these purposes in a manner consistent with their obligations in other international organisations or institutions in which they participate or under agreements to which they are a party;

Have therefore agreed on the following provisions for the reconstitution of the Organisation for European Economic Co-operation as the Organisation for Economic Co-operation and Development:

Article 1

The aims of the Organisation for Economic Co-operation and Development (hereinafter called the "Organisation") shall be to promote policies designed:

- (a) to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;
- (b) to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development; and
- (c) to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

Article 2

In the pursuit of these aims, the Members agree that they will, both individually and jointly:

- (a) promote the efficient use of their economic resources ;
- (b) in the scientific and technological field, promote the development of their resources, encourage research and promote vocational training ;
- (c) pursue policies designed to achieve economic growth and internal and external financial stability and to avoid developments which might endanger their economies or those of other countries ;
- (d) pursue their efforts to reduce or abolish obstacles to the exchange of goods and services and current payments and maintain and extend the liberalisation of capital movements ; and
- (e) contribute to the economic development of both Member and non-member countries in the process of economic development by appropriate means and, in particular, by the flow of capital to those countries, having regard to the importance to their economies of receiving technical assistance and of securing expanding export markets.

Article 3

With a view to achieving the aims set out in Article 1 and to fulfilling the undertakings contained in Article 2, the Members agree that they will:

- (a) keep each other informed and furnish the Organisation with the information necessary for the accomplishment of its tasks ;
- (b) consult together on a continuing basis, carry out studies and participate in agreed projects ; and
- (c) co-operate closely and where appropriate take co-ordinated action.

Article 4

The Contracting Parties to this Convention shall be Members of the Organisation.

Article 5

In order to achieve its aims, the Organisation may:

- (a) take decisions which, except as otherwise provided, shall be binding on all the Members;
- (b) make recommendations to Members; and
- (c) enter into agreements with Members, non-member States and international organisations.

Article 6

1. Unless the Organisation otherwise agrees unanimously for special cases, decisions shall be taken and recommendations shall be made by mutual agreement of all the Members.

2. Each Member shall have one vote. If a Member abstains from voting on a decision or recommendation, such abstention shall not invalidate the decision or recommendation, which shall be applicable to the other Members but not to the abstaining Member.

3. No decision shall be binding on any Member until it has complied with the requirements of its own constitutional procedures. The other Members may agree that such a decision shall apply provisionally to them.

Article 7

A Council composed of all the Members shall be the body from which all acts of the Organisation derive. The Council may meet in sessions of Ministers or of Permanent Representatives.

Article 8

The Council shall designate each year a Chairman, who shall preside at its ministerial sessions, and two Vice-Chairmen. The Chairman may be designated to serve one additional consecutive term.

Article 9

The Council may establish an Executive Committee and such subsidiary bodies as may be required for the achievement of the aims of the Organisation.

Article 10

1. A Secretary-General responsible to the Council shall be appointed by the Council for a term of five years. He shall be assisted by one or more Deputy Secretaries-General or Assistant Secretaries-General appointed by the Council on the recommendation of the Secretary-General.

2. The Secretary-General shall serve as Chairman of the Council meeting at sessions of Permanent Representatives. He shall assist the Council in all appropriate ways and may submit proposals to the Council or to any other body of the Organisation.

Article 11

1. The Secretary-General shall appoint such staff as the Organisation may require in accordance with plans of organisation approved by the Council. Staff regulations shall be subject to approval by the Council.

2. Having regard to the international character of the Organisation, the Secretary-General, the Deputy or Assistant Secretaries-General and the staff shall neither seek nor receive instructions from any of the Members or from any Government or authority external to the Organisation.

Article 12

Upon such terms and conditions as the Council may determine, the Organisation may :

- (a) address communications to non-member States or organisations;
- (b) establish and maintain relations with non-member States or organisations; and
- (c) invite non-member Governments or organisations to participate in activities of the Organisation.

Article 13

Representation in the Organisation of the European Communities established by the Treaties of Paris and Rome of 18th April, 1951, and 25th March, 1957, shall

be as defined in Supplementary Protocol No. 1 to this Convention.

Article 14

1. This Convention shall be ratified or accepted by the Signatories in accordance with their respective constitutional requirements.

2. Instruments of ratification or acceptance shall be deposited with the Government of the French Republic, hereby designated as depositary Government.

3. This Convention shall come into force:

- (a) before 30th September, 1961, upon the deposit of instruments of ratification or acceptance by all the Signatories; or
- (b) on 30th September, 1961, if by that date fifteen Signatories or more have deposited such instruments as regards those Signatories; and thereafter as regards any other Signatory upon the deposit of its instrument of ratification or acceptance;
- (c) after 30th September, 1961, but not later than two years from the signature of this Convention, upon the deposit of such instruments by fifteen Signatories, as regards those Signatories; and thereafter as regards any other Signatory upon the deposit of its instrument of ratification or acceptance.

4. Any Signatory which has not deposited its instrument of ratification or acceptance when the Convention comes into force may take part in the activities of the Organisation upon conditions to be determined by agreement between the Organisation and such Signatory.

Article 15

When this Convention comes into force the reconstitution of the Organisation for European Economic Co-operation shall take effect, and its aims, organs, powers and name shall thereupon be as provided herein. The legal personality possessed by the Organisation for European Economic Co-operation shall continue in the Organi-

sation for European Economic Co-operation shall require approval of the Council to be effective after the coming into force of this Convention.

Article 16

The Council may decide to invite any Government prepared to assume the obligations of membership to accede to this Convention. Such decisions shall be unanimous, provided that for any particular case the Council may unanimously decide to permit abstention, in which case, notwithstanding the provisions of Article 6, the decision shall be applicable to all the Members. Accession shall take effect upon the deposit of an instrument of accession with the depositary Government.

Article 17

Any Contracting Party may terminate the application of this Convention to itself by giving twelve months' notice to that effect to the depositary Government.

Article 18

The Headquarters of the Organisation shall be in Paris, unless the Council agrees otherwise.

Article 19

The legal capacity of the Organisation and the privileges, exemptions, and immunities of the Organisation, its officials and representatives to it of the Members shall be as provided in Supplementary Protocol No. 2 to this Convention.

Article 20

1. Each year, in accordance with Financial Regulations adopted by the Council, the Secretary-General shall present to the Council for approval an annual budget, accounts, and such subsidiary budgets as the Council shall request.

2. General expenses of the Organisation, as agreed by the Council, shall be apportioned in accordance with a scale to be decided upon by the Council. Other expenditure shall be financed on such basis as the Council may decide.

Article 21

Upon the receipt of any instrument of ratification, acceptance or accession, or of any notice of termination, the depositary Government shall give notice thereof to all the Contracting Parties and to the Secretary-General of the Organisation.

In witness whereof, the undersigned Plenipotentiaries, duly empowered, have appended their signatures to this Convention.

Done in Paris, this fourteenth day of December, Nineteen Hundred and Sixty, in the English and French languages, both texts being equally authentic, in a single copy which shall be deposited with the depositary Government, by whom certified copies will be communicated to all the Signatories.

**SUPPLEMENTARY PROTOCOL No. 1
TO THE CONVENTION
ON THE ORGANISATION
FOR ECONOMIC CO-OPERATION
AND DEVELOPMENT**

The signatories of the Convention on the Organisation for Economic Co-operation and Development;

Have agreed as follows:

1. Representation in the Organisation for Economic Co-operation and Development of the European Communities established by the Treaties of Paris and Rome of 18th April, 1951, and 25th March, 1957, shall be determined in accordance with the institutional provisions of those Treaties.

2. The Commissions of the European Economic Community and of the European Atomic Energy Community as well as the High Authority of the European Coal and Steel Community shall take part in the work of that Organisation.

In witness whereof, the undersigned Plenipotentiaries, duly empowered, have appended their signatures to this Protocol.

Done in Paris, this fourteenth day of December, Nineteen Hundred and Sixty, in the English and French languages, both texts being equally authentic, in a single copy which shall be deposited with the Government of the French Republic, by whom certified copies will be communicated to all the Signatories.

**SUPPLEMENTARY PROTOCOL No. 2
TO THE CONVENTION
ON THE ORGANISATION
FOR ECONOMIC CO-OPERATION
AND DEVELOPMENT**

The signatories of the Convention on the Organisation for Economic Co-operation and Development (hereinafter called the "Organisation") ;

Have agreed as follows:

The Organisation shall have legal capacity and the Organisation, its officials, and representatives to it of the Members shall be entitled to privileges, exemptions, and immunities as follows :

- (a) in the territory of the Contracting Parties to the Convention for European Economic Co-operation of 16th April, 1948, the legal capacity, privileges, exemptions, and immunities provided for in Supplementary Protocol No. 1 to that Convention ;
- (b) in Canada, the legal capacity, privileges, exemptions, and immunities provided for in any agreement or arrangement on legal capacity, privileges, exemptions, and immunities entered into between the Government of Canada and the Organisation ;
- (c) in the United States, the legal capacity, privileges, exemptions, and immunities under the International Organisations Immunities Act provided for in Executive Order No. 10133 of 27th June, 1950 ; and

- (d) elsewhere, the legal capacity, privileges, exemptions, and immunities provided for in any agreement or arrangement on legal capacity, privileges, exemptions, and immunities entered into between the Government concerned and the Organisation.

In witness whereof, the undersigned Plenipotentiaries, duly empowered, have appended their signatures to this Protocol.

Done in Paris, this fourteenth day of December, Nineteen Hundred and Sixty, in the English and French languages, both texts being equally authentic, in a single copy which shall be deposited with the Government of the French Republic, by whom certified copies will be communicated to all the Signatories.

**PROTOCOL ON THE REVISION
OF THE CONVENTION FOR EUROPEAN
ECONOMIC CO-OPERATION
OF 16th APRIL, 1948**

The Governments of the Republic of Austria, the Kingdom of Belgium, the Kingdom of Denmark, the French Republic, the Federal Republic of Germany, the Kingdom of Greece, the Republic of Iceland, Ireland, the Italian Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands, the Kingdom of Norway, the Portuguese Republic, Spain, the Kingdom of Sweden, the Swiss Confederation, the Turkish Republic, the United Kingdom of Great Britain and Northern Ireland being the Contracting Parties to the Convention for European Economic Co-operation of 16th April, 1948 (hereinafter called the "Convention") and the Members of the Organisation for European Economic Co-operation;

Desirous that the aims, organs, and powers of the Organisation be redefined and that the Governments of Canada and the United States of America be Members of that Organisation as re-constituted;

Have agreed as follows:

Article 1

The Convention shall be revised and as a consequence thereof it shall be replaced by the Convention on the Organisation for Economic Co-operation and Development to be signed on today's date.

Article 2

1. This Protocol shall come into force when the Convention on the Organisation for Economic Co-operation and Development comes into force.

2. The Convention shall cease to have effect as regards any Signatory of this Protocol when the Convention on the Organisation for Economic Co-operation and Development comes into force.

In witness whereof, the undersigned Plenipotentiaries, duly empowered, have appended their signatures to this Protocol.

Done in Paris, this fourteenth day of December, Nineteen Hundred and Sixty, in the English and French languages, both texts being equally authentic, in a single copy which shall be deposited with the Government of the French Republic, by whom certified copies will be communicated to all the Signatories.

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