

*United Nations*  
**ECONOMIC  
AND  
SOCIAL COUNCIL**

*Nations Unies*  
**CONSEIL  
ECONOMIQUE  
ET SOCIAL**

RESTRICTED  
LONDON  
E/PC/T/C.V/12  
4 November 1946  
ORIGINAL: ENGLISH

PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE  
ON TRADE AND EMPLOYMENT

COMMITTEE V

Fifth Meeting

held on 1 November 1946 at 3 p.m.

Chairman: Mr. L. R. EDMINSTER (United States)

The CHAIRMAN, in opening the meeting, stated that the subjects set down for consideration were Membership, Voting and Procedure in the Conference and Executive Board respectively. The relevant sections of the United States Draft Charter were Articles 52, 53 and 54 of Section C and Articles 57, 58 and 59 of Section D. He proposed that Articles 52 and 54 be taken up before Article 53 on Voting which would probably call for considerably more discussion.

Mr. HOLMES (United Kingdom) announced that he had a further point to raise concerning Article 79 which he thought was not in any way related to the question of Amendment and which, with the Chairman's permission, he would like to make at this stage. Article 79 provided that the initial period of validity of the Charter should be five years, following which a year's notice of withdrawal would be required. It was the feeling of his delegation that it was necessary to consider this period of validity in the light of the period of validity of any tariff arrangements which members might conclude among themselves. He understood for example, that the United States was unable to negotiate tariff agreements which lasted more than three years at a time, in which event it might be more appropriate if, in paragraph 1 of Article 79, a three year instead of the present five year period were stipulated. Similarly, in the case of withdrawal from tariff obligations, a shorter period of notice than one year might be considered. Perhaps, therefore, a six months' provision in paragraph 2 would be preferable.

Mr. BURY (Australia) agreed that the duration of the commitments under the principles of the Charter and under the tariff agreements were necessarily interdependent, both as to initial validity and to required notice of withdrawal. He desired to place on record the fact that any move to make membership of the International Monetary Fund and of the Trade Organization interdependent, would create a very serious problem under the present terms of Article 79 since at Bretton Woods many delegations had attached considerable importance to their freedom to withdraw from the Fund at any time.

Mr. PALTHEY (France) shared the views of the two previous speakers and enquired whether it was desired that a general debate should take place at this stage on Articles 79 and 75 which in the opinion of his delegation should be considered together. The problem of the organization's initial "trial period" was under consideration in Committee II in connection with Articles 29 and 30 and he doubted the usefulness of discussing it in Committee V at this juncture. He wished to point out, however, that it would be necessary to grant members a reasonable period during which economic readjustment could be effected; otherwise the question of their adherence to the organization might have to be reconsidered.

The CHAIRMAN agreed that further discussion of Article 79 would best be deferred pending consideration of other matters of the Agenda, particularly voting, and until the views of Committee II with reference to the point raised by the United Kingdom delegate had been ascertained. Mr. PALTHEY (France) proposed that a small joint sub-committee, with Committee II might be set up.

The CHAIR then invited comments on Article 52 (Membership of the Conference). There being no comments, it was assumed that the text was approved without change. The Committee then passed to Article 54 (Session Procedure and Officers of the Conference). Mr. NAUDE (South Africa) suggested that, when the rules of procedure were being drawn up, the timing of the annual conference in relation to other

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conferences should be borne in mind. Mr. PIERCE (Canada) enquired of the United States delegate why Articles 20 and 21 of the United Nations Charter had been followed word for word except that in the case of ITO, the President is to be elected annually, while in the case of United Nations he is elected at each session. Mr. KELLOGG (United States) replied that normally it was expected there would be simply one annual session of the Conference. If a special session were called for some emergency reason, the delay involved in electing a Chairman for that session would be avoided. Mr. BURY (Australia) suggested that the possibility might need to be envisaged of enabling special session of the Conference to be called by less than a majority of the members, for the purpose of dealing with appeals against decisions of the Executive Board.

The CHAIRMAN proposed that this point, together with other comments on this part of the Agenda, be considered by an ad hoc sub-committee which he presumed the Committee would appoint in due course, in accordance with its previous procedure. No further comments being forthcoming, he invited the Committee to consider Article 53 (Voting).

Mr. HOLMES (United Kingdom) recalled that in the original United States Proposals, with which his Government had in general agreed, it had been suggested that member states of chief economic importance should have permanent seats on the Executive Board. This provision had, rightly or wrongly been dropped from Article 57 of the Draft Charter. In these circumstances, the United Kingdom delegation might feel that the system of voting to be adopted in the Executive Board and perhaps in the Conference itself, should be adjusted in some way that will reflect the relative economic importance of members. He did not wish to enter into detailed discussion at this stage, but his delegation would be prepared to come forward with a concrete suggestion, if necessary.

The CHAIRMAN suggested that discussion might be confined at this stage to the issue of principle involved - namely equal voting versus some other system.

In reply to a question by Mr. COLBAN (Norway) asking whether the United Kingdom delegation was willing to accept Article 53 as it is, on condition that Article 57 is amended to give certain important trading countries special prerogatives, the United Kingdom delegate stated that was reluctant to give a specific answer until he had heard other delegates' views, but that he thought his delegation would, as far as possible, seek to adjust its point of view on this matter to the general sense of the Preparatory Committee.

Mr. MORAN (Cuba) stated that his delegation favoured the proposals worded in the United States Draft Charter inasmuch as they guaranteed equal voting rights for large nations as well as small.

Mr. MALIK (India) desired to be placed on record that if any system other than that of equal voting were to be adopted, his delegation would request that in assessing the economic importance of any country, the potentialities of that country be taken into consideration.

Mr. PIERCE (Canada) considered there was nothing to be gained by considering merely the issue of principle and proposed instead that the Committee study a concrete suggestion such as the United Kingdom had promised. He pointed out that in most other international organizations some method had been devised for giving member nations a voice commensurate with their powers and responsibilities. The Committee should first study possible methods of giving effect to the weighted vote, particularly those used by other organizations of a similar character to ITO.

Mr. FALTHEY (France) stated that, as regards the question of voting, his delegation agreed with the text submitted by the United States. It is conceivable that in an Executive Board which would have to take decisions of an administrative character, there should be permanent seats but in a General Conference, to which in the last instance a country whose interests have been jeopardized or violated would appeal, each member should be on equal footing with no distinction based on economic strength or supremacy.

In reply to a question by Mr. HOLMES (United Kingdom) the French delegate stated that his delegation reserved the right to raise, if necessary, the question of permanent seats in connection with Article 57. He considered, however, that voting in the Conference which should be as representative and democratic a body as possible, and membership of the Executive Board which would be of a permanent character with administration rather than general responsibilities, were two entirely different questions.

Mr. BENDA (Czechoslovakia), Mr. COLBAN (Norway) and Mr. CABAL (Brazil) expressed agreement with the Delegate of France.

No further views on the subject of voting being forthcoming, the CHAIRMAN asked those delegations which were inclined to favour a weighted system to submit definite proposals or suggestions as to possible methods for consideration at the Committee's next meeting.

Mr. HOLMES (United Kingdom) thought he could have such a proposal ready by Monday evening or early Tuesday and in order that members might have a prior opportunity of studying it, the CHAIRMAN proposed that the discussion be resumed at a meeting to be arranged, if possible, on Wednesday. Meanwhile, it was agreed, the Committee should take up Article 55 (Powers and Duties of the Conference).

Mr. BURY (Australia) made the general observation that the power of the Conference to determine the rules and procedures under which the Executive Board will operate, should be pretty strong.

In reply to a question by Mr. LAURENCE (New Zealand), Mr. KELLOGG (United States) explained that the use of the word "international" in paragraph 1 was intentional since it covered both inter-governmental and non-governmental organizations.

Mr. MALIK (India) suggested that the words "other than those imposed on it under the Charter" might be inserted in paragraph 1 after the word "policies" since the Charter itself would lay down certain policies that the Conference must follow.

Mr. PIERCE (Canada) observed that since the Conference could amend the Charter, it would, in fact, have final authority to determine the policy of the organization.

Mr. KELLOGG (United States) pointed out that except in minor matters, amendment required ratification by Member Governments.

Paragraph 2

The Delegate of New Zealand asked whether a vote of two-thirds of the Members clearly expressed what was intended to be expressed. The Delegates of India and France considered that consideration of this paragraph should be postponed in view of its connection with the work of other committees.

Paragraph 3

In answer to a question by the United Kingdom delegate as to whether the word "Conference" in the first part of the paragraph should not be "Organization", Mr. KELLOGG (United States) explained that the word "Organization" had been used throughout the entire document except in Chapters II and VII where an attempt had been made to allocate powers and duties between the various organs of the organization.

Mr. VAN TUYLL (Netherlands) proposed the deletion of the words "under the provisions of Chapters II and VII".

Mr. KELLOGG (United States) explained that these words merely served to indicate those sections of the Charter where allocations of duties are made. Their deletion would not in any way change the sense of the document.

The CHAIRMAN suggested that since there might be alterations in the Charter which would make that specific citation inaccurate, it might be best to omit the phrase and simply refer to powers and duties "expressly conferred".

Paragraph 4

Mr. BURY (Australia) proposed that the apportionment of the expenses of the organization should be based on the same principles that are adopted for this purpose by the United Nations.

The SECRETARY stated that the United Nations would like to see a uniform basis of contributions adopted, as far as practicable, by the various intergovernmental organizations. An expert Committee had been

working on this problem for some months and would be making recommendations as to a United Nations scale to the present session of the Assembly. Whilst it might not be appropriate to incorporate a proposal along the lines suggested by the Delegate of Australia in the Charter itself, he wondered if it was desired that the matter be referred to in the Committee report.

Mr. PIERCE (Canada) was of the opinion that the question had better be left for consideration by the Conference itself and not discussed now.

Mr. DAO (China) felt that the question of whether the same principles as adopted by the United Nations should apply to contributions to ITO, was closely related to the question of voting and to the allocation of seats on the Executive Board, and could not, therefore, be fully discussed until these matters had been settled.

Mr. BURY (Australia) did not wish to press his point at this stage but would urge, at the appropriate time, that a recommendation as suggested be included in the Committee's report.

#### Paragraph 5

Mr. NAUDE (South Africa) observed that paragraph 5 would need to be redrafted if the practice of having permanent members of the Executive Board were adopted.

Mr. PIERCE (Canada) asked how and when the first Director-General would be appointed. Was there not a danger of very hasty appointment, or alternatively, might not the Conference be kept in session for an unduly long time? Should not some provision be made, therefore, whereby, perhaps under extraordinary circumstances, the Conference would be able to delegate the power of appointment to the Executive Board?

Mr. DAO (China) mentioned that the sub-committee had considered this proposal in connection with Article 68 and that its recommendation had been approved by the Committee at its last meeting.

The Delegate of South Africa having noted that both paragraph 5 of Article 55 and Article 68 dealt with the appointment of the Director-General, Mr. KELLOGG (United States) proposed that the words "and on the recommendation of the Executive Board shall appoint the Director-General of the organization" be deleted from paragraph 5. After some further discussion this was agreed to.

Paragraphs 6, 7 and 8

Mr. LAURENCE (New Zealand) suggested that the Drafting Committee might consider whether, if specific references were to be made to obligations provided for elsewhere in the Charter, reference should not be made to all such obligations, or alternatively, whether specific reference should not be dropped from Article 55.

Mr. PALTHEY (France) agreed that such points should be left to the consideration of the Drafting Committee.

BARON VAN TUYLL (Netherlands) asked whether "two-thirds of its members" in paragraph 2 and "two-thirds majority of the votes cast" in paragraph 8, implied any fundamental difference.

Mr. DAO (China) observed that, in Article 75, a vote of two-thirds majority of its members meant a vote of two-thirds of all the Members of the organization and not two-thirds of those present and voting.

Mr. KELLOGG (United States) replied that in Article 75 and in paragraph 2 of Article 55 which dealt with important issues, it was intended that a two-thirds majority of the members of the organization (voting or not voting) should be obtained. Paragraph 8 dealt with a matter of relatively less importance and consequently a two-thirds majority of members present and voting sufficed.

Mr. DAO (China) considered that some reference should be made in Article 55 to the determinations provided for Article 18(3). There appeared to be no provision at present giving the Conference power to establish procedures for making such determinations although this power would be exercised in certain circumstances by an Interim Tariff Committee.

Mr. KELLOGG (United States) stated, in reply to the Delegate of China that when the Interim Committee is absorbed into the organization, its powers in this respect would automatically be taken over by the Conference. As he understood it, the Committee is to make its decisions by a majority vote under Article 56(4). When finally absorbed into the full Conference such decisions would be taken by a majority of the members present and voting, under Article 55(2).

Paragraph 9

Mr. BURY (Australia) expressed the hope that the Preparatory Committee would eventually recommend that the site of the organization should be in the same place as the economic secretariat of the United Nations, presumably at the United Nations Headquarters.

The CHAIRMAN, in the absence of further comment, assumed that paragraph 9 was approved.

It was agreed that a further meeting should be held if possible before Wednesday to consider Articles 59, 60, 62, (Membership of the Organization) and 66 (Functions of the Commodity Commission). With respect to Article 66, it was thought that sufficient discussion had taken place in Committee IV to justify Committee V taking it up at this stage, at least provisionally. It was proposed that a joint sub-committee with Committee IV might later be set up to prepare a satisfactory draft.

The meeting rose at 5.50 p.m.

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