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UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

PREPARATORY COMMITTEE

of the

INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT

Verbatim Report

of the

FIFTH MEETING

of

COMMITTEE V

Held in

The Convocation Hall

Church House, Westminster, S.W.1.

on

Friday, 1st November, 1946,

at 3 p.m.

CHAIRMAN: MR. LYNN R. EDMISTER (U.S.A.)

(From the Shorthand Notes of
W.B. GURNEY, SONS & FUNNELL,
58 Victoria Street,
Westminster, S.W.1.)

THE CHAIRMAN: Gentlemen, the subjects set down for consideration at today's meeting are Membership, Voting and Procedure in the Conference and Executive Board respectively. These comprise Items 4 and 5 of our provisional order of business. The relevant Articles of the United States Draft Charter are Articles 52, 53 and 54 of Section C, and Articles 57, 58 and 59 of Section D. I suggest that it might be preferable to take up first Article 52 on the Conference membership and Article 54 on the Conference Sessions, Procedure and Officers, before taking up Article 53 on Voting, which I think will call for considerably more discussion.

MR. HOLMES (United Kingdom): Mr. Chairman, I had understood that towards the end of our last meeting you had agreed that further points on Article 79 might be raised. I had a point myself which I wished to make at this stage if I could.

THE CHAIRMAN: I had not forgotten your request and I should have spoken about it first. If you are particularly anxious to take it up at this time it is agreeable to the Chair. I would only add, however, that it had occurred to me that we shall have to come back to Article 79 later in connection with the discussion of those aspects of it that are inter-related with the other parts, and I had thought we might dispose of anything that pertained to Article 79 at that time; but if you would prefer to take it up now I have no objection.

Mr HOLMES (UK): Mr Chairman, the point I had to raise was one which was of a rather more general application to the question of the period during which the agreement should be in force. It does not, I think, bear any relation to Article 75 which we were discussing yesterday; but, of course, I am entirely in your hands, Sir. I will make my point either now or later, as it suits you.

THE CHAIRMAN: I suggest that you go ahead. You have been ready to make that point for some time, and I think you should do so.

Mr HOLMES (UK): Thank you, Mr Chairman. The point is a fairly simply one and I do not believe I need take very long over it. Article 79, quite apart that is from the question of whether a Member could terminate his obligations prematurely for some such reason as was very pertinently raised, I think, by the Chilean delegate yesterday — quite apart from that, Article 79 provides that in general the initial period of validity of the agreement should be five years, and that a year's notice of withdrawal would be required. Well, Sir, the draft Charter, of course, as it stands, relates only to these questions of principle and the relationship between these provisions and the more specific tariff negotiations is only in a sense hinted at in one or two Articles and one or two footnotes which appear in the document. But it is our feeling that we should not lose sight for a moment of the essential interconnectedness of this document and the obligations which Members would be accepting if they accept the document, on the one hand, and, on the other, the actual tariff arrangements which they make with each other at a later stage of the international discussions.

To what extent, therefore, and with that in view, it seems very necessary to consider the period of validity of this agreement in the light of the period of validity of any tariff arrangements which Members may reach between each other. We do not, of course,

know yet until we come to those tariff negotiations what will be the actual or the average period for which countries will be prepared to bind themselves. It may be, for instance, that in the case of the United States in particular the terms of the legislation under which they conduct tariff negotiations will permit only of a rather shorter period of validity than the five years provided for at present under Article 79. If, for instance, I am right in thinking that the United States would be unable to negotiate tariff arrangements which lasted for more than three years at a time, then we should feel in the United Kingdom that three years would have to appear instead of five years in Article 79. Similarly, it might be that a shorter period than one year's notice would be provided for in the case of the tariff obligations and the length of time which a country need give notice in order to escape from those obligations. In that case, therefore, in paragraph 2 of Article 79 one would wish to see perhaps six months inserted instead of a year.

That is the point I have to make, Mr Chairman. I think it is quite a simple one and I imagine that it would not raise any particular difficulty.

Mr BURY (Australia): Mr Chairman, I should like to support the remarks of the United Kingdom delegate. In view of the the Australia delegation the duration of the commitments under the principles of the Charter and under the tariff agreements, both as to initial duration and the period of notice required before leaving, are two interdependent things. We should also like to place on record at this stage the fact that if there were any move to make membership of the Monetary Fund and the Trade Organisation common, the question of withdrawal would arise in a very sharp form. During the discussions which preceded the Monetary Fund being established at Bretton Woods, a large number of nations attached considerable importance to the fact that they could withdraw from the Monetary Fund at any time. If membership were interdependent, therefore

a very serious problem would arise under this Article. At this stage we should not wish to be more specific than just point that out.

M. PALTREY (France) (Interpretation): Mr Chairman, I quite agree with the comments made by the United Kingdom and Australian delegations. However, I wish to ask you whether you wish that we now have an open and general debate on Articles 79 and 75. In the opinion of the French delegation, those two Articles are very closely connected and it would be useful to discuss them together. A very general problem is raised by those two Articles; it is the problem of the initial period of the working of the Organisation, and I do not think we should at this stage discuss it here. I should like to point out that the same problem is being discussed in Committee II in connection with Articles 29 and 30. However, I wish to point out also that we are going to create a new organisation which will involve very important economic consequences, and therefore it should be possible for Members to ask for a certain period of readjustment of their economic conditions. If they are not granted this period, they might have to reconsider the whole question of their adherence to the Organisation. However, I do not think we should discuss it now. It is a general problem which requires a general and open discussion.

THE CHAIRMAN: To reply to the question of the delegate of France first, it had been my understanding that our plan was to suspend further discussion of Articles 75 and 79 pending discussion of some of the matters that we have on our agenda today in reference to the Conference and Executive Board, particularly in the matter of voting, and I should hope, therefore, that we could return to this matter when we have covered the ground which is on our agenda for today. With reference to the suggestion of the delegate from the United Kingdom, I would have this suggestion to make as to perhaps the best method of dealing with it. I

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would suggest that, inasmuch as the points which he has raised touch the work of Committee II, having to do with planning of tariff negotiations, and inasmuch as we are going to return to Article 79 anyhow at a later time, it might be well to defer action on his suggestion till we have been able to get in touch with Committee II about the relationship of withdrawal and termination to the tariff negotiations and until also there has been a little more time to think over the implications of the change which he has suggested. I wonder whether that will be agreeable to him.

MR. HOLMES (United Kingdom): That is completely agreeable to me, Mr. Chairman.

MR. PALTHEY (France) (Interpretation): Mr. Chairman, I quite agree to your proposals, and may I respectfully submit that it might be advisable to set up a small Joint Committee with members of Committees II and V?

THE CHAIRMAN: I think that is a suggestion to which we should give serious consideration, and we will record it and come back to it at the proper time.

MR. PALTHEY (France) (interpretation): I thank you, Mr. Chairman.

THE CHAIRMAN: Shall we pass now to the consideration of Article 52 of Section C, dealing with the membership of the Conference?

Is the Chair to assume that this is a case where silence gives consent?

This is indeed very encouraging. It appears that we have approved Article 52. Of course, I realise that every member of the Committee has the right to return to this Article if he cares to do so, and no doubt that is precisely what will happen.

We pass then by a process of one jump to Article 54, on the Sessions, Procedure and Officers of the Conference.

The silence is broken. The delegate of South Africa.

MR. NAUDE (South Africa): Mr. Chairman, it is not to offer any criticism at all of this Article; it is just something that will have to be borne in mind. I imagine that when the rules of procedure are drawn up some thought ought to be given to the timing of this Annual Conference in relation to other conferences. I imagine the Drafting Committee will give thought to that.

MR. PIERCE (Canada): Now that the ice is broken, Mr. Chairman, I would like to ask the United States delegate if he would explain for me why Articles 20 and 21 of the United Nations Charter have been followed almost to a word, with just the one exception - and it is the exception I am questioning, not the reason for

following them. In the case of I.T.O., the President is elected annually, and in the case of U.N., at each Session.

MR. KELLOGG (United States): The answer to that is that we expected that normally there would simply be one annual session of the Conference. If you call a special-Session, presumably it will be for some emergency reason, and if you already had a President in existence it would help in getting that emergency Session through if you did not have to go through all the procedure of electing a Chairman for the emergency Session. But if the people here prefer to change that, we have no objection.

MR. PIERCE (Canada): It struck me that it might not save you the trouble, because the Chairman is usually one of the most prominent delegates present at the Annual Conference, who might not be available for special Sessions.

MR. KELLOGG (United States): I defer to the better experience of others.

MR. PIERCE (Canada): I am not raising it as a matter of any importance. I was only wondering if you had any special reason for deviating.

MR. KELLOGG (United States): I have given the reason why we did put it that way, in the hope that it might expedite emergency Sessions - that they would not have to go through one more step.

MR. BURY (Australia): If that finishes that point, Mr. Chairman, I have another, and I only mention it as a possibility, not as a matter of necessity at this stage: that is, the possibility of the need for making some provision for calling a Session at the request of less than a majority of the members to appeal against a decision of the Executive Board. It still depends on that kind of decisions the Executive Board might make, but it is a possibility to be envisaged.

THE CHAIRMAN: I take it the question is, whether a persistent and insistent minority might bring about the convocation of a special Session?

MR. BURY (Australia): It would probably be a case, Mr. Chairman, of the members vitally affected in a specific instance.

MR. KELLOGG (United States): In that case we did follow the United Nations Charter, and if many people here feel that we should make special provision, of course we would be perfectly willing to make a change.

MR. BURY (Australia): At this stage I would not press that. I would just like to record that as something which we may wish to bring up later in the light of the functions of the Executive Board.

THE CHAIRMAN: Is there any more discussion on that point? If not, I take it that the Committee will have opportunity to consider it in connection with the drafting of the various suggestions that the Committee puts forward on this part of the Charter. I take it that we will follow the procedure which we followed in the first instance, and that we shall be setting up an ad hoc Sub-Committee, which of course would take this point into consideration along with many others.

Are there any more comments on Article 54 ?

We pass next then to Article 53, on the subject of Voting.

MR. HOLMES (United Kingdom): Mr. Chairman, the question of voting, as I think you said in your opening remarks at yesterday's session, is naturally one of importance and may be one of some difficulty. We, as you know, had agreed in very general terms with the important points in the original United States proposals, and I should perhaps refer (though you may rule me out of order) to Article 57, which deals with the membership of the Executive Board, because it has, I think, a very direct bearing on the question of voting. In the proposals, if you will allow me to mention the point, it was suggested that the Executive Board would consist of a certain number of member States, each of which would have a representative, and also that member States of chief economic importance should have permanent seats. We now find that that

provision has, rightly or wrongly, been dropped from Article 57, but if that is to be the case we in the United Kingdom might feel that the system of voting should properly be adjusted in some way towards the economic importance of members, and while what I quoted related particularly to the Executive Board, I think that it does arise also perhaps on voting in the Conference itself. I do not wish to go into any particular detail at this stage, though if necessary I think my delegation would be prepared to come forward with a concrete suggestion, but it may be sufficient for me to have raised the issue at this point, and unless you would wish me to develop it in greater detail I would prefer to leave it, to see what the sense of the Committee is, and, as I say, to perhaps have some formulated proposal which my delegation might be prepared to make.

THE CHAIRMAN: The Chair is not at all anxious to indicate any position on this very delicate question. It is scarcely the prerogative of the Chair to do so. I am interested, however, in ensuring that the discussion shall be focussed as effectively as possible on the issues. It would seem to me that it might make for more orderly discussion if we considered first the matter of the principle involved, namely, equal voting versus some other system of voting. Let us leave in abeyance the kind of system of voting that might be worked out and the difficulties involved, which obviously are a part of the question. If it is agreeable to the rest of the Committee let us confine ourselves for the moment to the principles involved. Would that be agreeable to the Committee?

MR. COLBAN (Norway): I wonder whether I have understood the delegate of the United Kingdom aright - that he would agree to leaving the present Article as it is, on condition that Article 57 were given some new form, assuring certain important trading countries special prerogatives?

R. HOLMES (United Kingdom) Mr. Chairman, the delegate of Norway is putting to me what in Parliament they call a hypothetical question, I think, to which I cannot give a precise answer, but I do merely wish to point to the fact at this stage that the original proposals did provide for some permanent seats and for some non-permanent seats, and that the permanent seats were to be allotted in accordance with the importance of the countries concerned in international trade. I do not know that I can take it very much further, because we should not wish to be at all dogmatic about this, and I think we should adjust any point of view as far as we could on this subject to the general sense of the Preparatory Committee. I am rather reluctant, therefore, to give a specific answer until I heard what people's views are generally.

MR. COLBAN (Norway): I am perfectly happy about the answer I have got.

MR. MORAN (Cuba): Mr. Chairman, since the delegate of the United Kingdom wants to have the impression that we are meeting this important question, and I happen to represent one of the smallest countries here, I should like to put it that naturally we should like to have an equal voting right for everybody concerned. I would rather prefer to withhold now any further comment on this question until I hear the arguments of the larger nations as to why it would be preferable for the organization as a whole to have a different system to that proposed in the Charter. So I should just like to say now that naturally the Cuban delegation would favour the wording of the proposals as they are now, inasmuch as they guarantee the equal voting rights for large nations as well as for the small countries.

Mr MALIK (India): Mr Chairman, at this stage I would only ask that it be placed on record on behalf of the Indian delegation that if any other system than one representative one vote is adopted, we would certainly ask that in assessing the economic importance of any country the potentialities of the country in that respect would have seriously to be taken into consideration along with existing conditions in any country.

THE CHAIRMAN: I suggest that the point raised by the delegate from India would, of course, arise only if it were contemplated that we should substitute a weighted system for a single voting system, and that we should perhaps first endeavour to settle the matter in principle as to whether we should have a single voting or a weighted voting system. We may not be able to settle that and we may have a continued difference of view; but I think we should first at least try to settle that question or to see where we disagree, if we do.

Mr PIERCE (Canada): Mr Chairman, I find it exceedingly difficult to obey your suggestion that we discuss the principles involved. It might be easier if we took advantage of the suggestion of the United Kingdom and studied a concrete proposal. We know on the one hand how one seat one vote would work in practice. It is difficult to see how the weighted voting would operate. I suggest, though, that we do examine it, because as we look at nearly all the other international organisations we see that some method has been devised in nearly all of them for giving a voice to nations of particular importance to the organisation, either political or economic — a voice commensurate with their powers and responsibilities. Bretton Woods and the I.L.O. provide partial precedents. They are specialised agencies like ourselves. The United Nations Charter through the veto gives some effect to that principle, although we would consider that would be the least attractive method to be used. Business corporations, on the one hand or on the one wing, and trade union organisations, on the other hand or the other wing, also give effect to the

principle of weighted voting. So I would think we would be entirely justified in ignoring the principle and to study possible methods of giving effect to the weighted vote and see how this could apply and how this would compare with the system in use in other international organisations of a character the same as ours.

THE CHAIRMAN: We seem to find ourselves in something of an impasse. I think the suggestion of the delegate from Canada has a great deal of merit and if it is a fact that we cannot advantageously proceed further with a discussion of the principle involved in the absence of any concrete proposals with regard to a weighted system of voting, then perhaps we shall have to defer further consideration of this Article until we are confronted with some specific proposals of that sort.

M. PALTHEY (France) (Interpretation): Mr Chairman, the French delegation has thoroughly considered this Charter and its provisions, and as far as this question is concerned, we agree with the text submitted by the United States. The French delegation believes that in the Conference which will govern the I.T.O., it is necessary that each Member should have an equal vote, and for these reasons: it is quite conceivable that in an Executive Board which is a permanent Board there would be permanent seats, because this Executive Board will have to take decisions of an administrative character; but in a general Conference each Member should be treated on an equal footing with the others and should have one equal vote. The Conference will have to decide upon very important and serious matters and it will be the body to which in the last instance a country whose interests have been jeopardised or violated would appeal. Therefore it is quite equitable that all the members be treated alike (and that no distinction be established on the grounds of economic strength or supremacy. It seems to us that the following subjective factors should be taken into account. A small nation feels

and suffers as much, if not more, from a step which might injure its interests as large countries, and therefore its rights and interests should be protected in the same way as those of larger countries. Therefore the French delegation is in favour of equal vote for all and will support the text of the United States.

Mr LUCIAN BENDA (Czechoslovakia): (Interpretation): Mr Chairman, the Czechoslovakian delegation agrees with the French delegation.

Mr HOLMES (UK): Mr Chairman, did I understand the French delegate to say that he would wish, when it came to more detailed consideration of Article 57, to suggest that there should be some allocation of permanent seats on the Executive Board?

M. PALTHEY (France) (Interpretation): Mr Chairman, I believe the United Kingdom delegate has made an extrapolation of my own comments. The French delegation reserves its right to raise, if necessary, the question of permanent seats in connection with Article 67. However, these are two absolutely different questions. In an Executive Board which has a permanent character and whose responsibilities would be chiefly of an administrative character and not of a general character, it is quite possible that in such a Board permanent Members might be necessary. It is clear that some Members will have very large interests involved and that such permanent seats would be advisable; but the Conference should be a democratic body and it should have as wide and representative character as possible. It should be a kind of court of appeal, and we must agree that it is not enough only to speak, but that steps must be taken. Therefore, if a discriminatory vote is admitted, what would be the purport and the meaning of a speech if a small nation could be outvoted by a coalition of larger nations? We may come back to this problem of permanent seats in connection with Article 67; but the problem, as I said, is a different one from the one we are studying now. We again stress that the Conference should be as wide and as democratic as possible, and it should be possible to appeal to it from decisions of the Executive Board.

Mr ERIK COLBAN (Norway): I agree with the delegate of France.

SENHOR HELIO DE BURGES CABAL (Brazil) (Interpretation): Mr Chairman, on the question of voting the Brazilian delegation agrees with the French proposal.

THE CHAIRMAN: Are there any further views on this subject of method of voting? If not, I would suggest the following as a possible line of procedure for your consideration: that inasmuch as there have been references in this discussion not only to the principle of weighted vote but also to the possibility that some concrete plans or methods might be submitted for the consideration of this Committee, would it not be well to ask those Members of the Committee who are inclined to favour the weighted system of voting to submit to the Committee at its next meeting, which I believe will probably be next Tuesday, but that remains to be seen — at any rate, at its next meeting definite suggestions or proposals with regard to that method, so that the Committee may have before it as much in the way of concrete material for its consideration as possible on this very important question of voting.

Mr DAO (China): Mr Chairman, I accept your ruling, but I will put a question: if there are such concrete proposals submitted for our consideration, will it be possible for such a proposal to be made available to each delegation in time for them to study it?

Mr HOLMES (UK): Mr Chairman, I was about to say on behalf of the United Kingdom that if this Committee does not meet till Tuesday, we will certainly try to do that.

THE CHAIRMAN: The Chair feels that there is real advantage in the suggestion made by the delegate from China and suggests that it would be possible to set the time of the next meeting in such a way as to make sure that there will have been time meanwhile for members of the Committee to prepare such suggestions and for those suggestions to be disseminated to the Committee in time for study before we meet again. Does any other Member of the Committee

expect to submit any suggestions along that line? (After a pause:-) If not, I will ask the delegate for the United Kingdom how soon he thinks he could make his suggestions available to the secretariat to get ready for distribution?

Mr HOLMES (UK): Mr Chairman, I think that by Monday evening or first thing on Tuesday morning, if that is suitable.

THE CHAIRMAN: On that basis, then, it would appear that the earliest time at which we could hold our next meeting would be Wednesday, unless the Committee wishes meanwhile to proceed with the consideration of some of these other provisions which clearly are, I should say, of a fairly controversial character and which are clearly dependent in some measure upon the work of the other Committees. We seem to have reached a point now of the parting of the ways, and the question which I think we confront is simply this: shall we go ahead with the rest of these Articles, realising that there may be material in them that cannot be discussed to great advantage at this time, but which could be either passed over or discussed in a very provisional way. If we were to do that, I should suggest that we go forward with discussion of Article 55. In glancing at that I can see perfectly well that there are points in it that would have to go over for later decision; but I want to say that I personally am reluctant to see the Committee fold up for several days and do nothing. I hope we can go ahead, even though we realise that we shall encounter a great many points in the Charter which we cannot begin to dispose of at this time. I should welcome suggestions from the Committee as to whether we should go forward at this time. My own proposal is that we now take up Article 55; but if the Committee prefers otherwise, I am in its hands.

Mr MORAN (Cuba): Mr Chairman, I propose that we go on. ("Hear, hear.")

THE CHAIRMAN: Then if there is no objection, consideration of Article 55 is in order. I suggest that this Article be taken up paragraph by paragraph.

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Mr BURY (Australia): Mr Chairman, I would like to make the general point at the beginning that probably could be addressed to paragraph 1, and that is that the Australian delegation thinks that in general terms the power of the Conference to determine the rules and procedures under which the Executive Board operate should be pretty strong.

THE CHAIRMAN: Any further comments on paragraph one?

MR MALIK (India): Mr Chairman, I also have a remark of a general nature with regard to this article. One of the difficulties that I see in this is that this deals with the power and duties of the Conference. Now, in the Joint Committee of Committees 1 and 2 one of the things that are actively considering is the setting up in the Charter itself of some of these things which are here suggested as duties of the Conference, whilst it is the determination of criteria on an international basis in relation to an escape from the obligations on the part of one of the members according to Paragraph 2 of this article, and I am just wondering how we can proceed with this until we have discussed the matter very fully. Of course, there is only one aspect of it that we are considering, bearing on industrial development, but I would like to state for the members of this Committee that that is one of the things we are specifically going to consider in the Joint Committee.

THE CHAIRMAN: I think the Delegate of India has stated a fairly persuasive reason why we cannot consider paragraph 2 at this time with any measure of finality and perhaps not with advantage at all. I anticipated that there would be some difficulty about paragraph 2 and that that would be one of the paragraphs that we would probably have to leave in suspense. However, could we meanwhile close the discussion on paragraph one?

MR LAURENCE (New Zealand): Mr Chairman, just a point of detail. Yesterday when we were considering article 71 a discrimination was drawn between intergovernmental and international organisations. I am just wondering whether or not it would be appropriate to consider the word "international" in the third line of paragraph one; whether we include intergovernmental and non-Governmental or preserve the discrimination that was made yesterday.

MR KELLOGG (US): I would like to point out to the Delegate of New Zealand that the use of the word "international" in this case is intentional. We wanted to make it cover both types of organisation, both intergovernmental non-governmental, and give the Conference just that much more scope.

Mr LAURENCE (New Zealand): I agree that the Conference should have the scope. My only point in raising it was that since the discrimination had been drawn in respect of Article 71, we would be sure that "international" also included both international and intergovernmental in the sense of Article 71.

MR KEELOGG (US): Mr Chairman, we have again in paragraph 4 of Article 71 the word "international", also intended to cover both, and we have throughout the Charter used this general term "international organisation" when we meant to cover both. We were very glad when the Delegate of Canada pointed out yesterday that in paragraph 2 of Article 71 we should make a very careful distinction, but in these other two cases I think we want to be broad.

MR MALIK (India): Mr Chairman, apropos of what I have just said, it is a matter for consideration whether the first sentence of paragraph one does not require some amplification. It says here "the Conference shall have final authority to determine the policies of the organisation". Would it be desirable to put in the words, after "policies", "other than those imposed on it under the Charter" because I take it that if certain proposals that we are considering are accepted then there will be certain policies that the ITO will have to follow under the Charter itself, and it seems a little bit of^a contradiction that here you are giving the Conference power to finally determine the policies of the organisation.

MR KELLOGG (US): It was our thought there, Sir, that since the Conference is the creature of the Charter it would not be expected that the Conference would infringe the requirements of the Charter which created it. I think if it would reassure you we could say that, but it would be surprising I think for the Conference to go beyond the document which was its creator.

Mr PIERCE (Canada): Mr Chairman, I would think that the Conference would have greater authority than the Charter, since it can amend the Charter, which does give it final authority to determine the policy of the organisation. In other words, Mr Chairman, the Conference is just ourselves at large meeting again and decid^{ing} what we are to do for the future.

MR KELLOGG (US): Under our Article with regard to the amendment the Conference would not be able to amend the Charter except on more minor matters without ratification on the part of member Governments.

MR LAURENCE (New Zealand): Mr Chairman, I would like to suggest that unless it is envisaged that the operations of the organisation will be different from that which normally attaches to corporate functions, the Conference could not do anything ultra vires the document.

MR MALIK (India): I would like to explain, Sir, that I was merely raising a debating point. I am not going to press it. If the people who are competent to draft the final document are satisfied with the phraseology I have nothing further to say.

THE CHAIRMAN: Are there any more comments on paragraph one? If not, we pass to paragraph 2 and I remind you that the Delegate of India has misgivings about the possibility of dealing with this paragraph in any definitive way at this time. Does the Committee wish to discuss the paragraph in a highly provisional way.

MR LAURENCE (New Zealand): Just a drafting point - as to whether a vote of two-thirds of the members does clearly express what is intended to be expressed.

MR MCFARLAN (Cuba): Mr Chairman, I was going to suggest that we leave this second paragraph alone, but inasmuch as the Delegate from New Zealand has brought up a point on it I have nothing more to say.

MR. BALTHÉY (France):(interpretation): Mr Chairman, I should agree with the Indian Delegate that we should postpone the consideration of paragraph 2 of Article 55. It is not only connected with the work of other Committees but it is also connected with Article 75, as far as amendments are concerned, and Article 79 in connection with withdrawal.

THE CHAIRMAN: I take it then that the Committee wishes to proceed to the next paragraph, paragraph 3?

MR. HOLMES (UK): This is a very small point, Mr Chairman, I think it probably is only a drafting point. I am not quite sure if it has not something of the same substance as that raised by the representative of India on the

first paragraph. We are told that the Conference may delegate to the Board authority to perform any of the powers of the Conference except such specific powers and duties as are expressly conferred or imposed on the Conference under the provisions of chapters 2 and 7. Should not the word "Conference" in that passage be "organisation"? There seems to be a sort of identification here of the Conference and the organisation which may not be from the draft point of view entirely satisfactory.

MR KELLOGG (US): I think the answer to that is that in drafting this Charter we have always used the word "organisation" throughout the entire document except in chapters 2 and 7, where we attempted to allocate powers and duties between various organs of the organisation. It is only in those two chapters that we have attempted to differentiate between various organs of the ITO. We felt that where a job was particularly important and should be done by the full Conference we ought to say so, and have said so. So that we only use the word "Conference" in connection with powers and duties, where we want the Conference to go ahead as an organ of ITO and do the job. Otherwise, we feel the Conference, having a general power to do other functions, can pass that power or delegate that power to the Board. Does that make it clear?

MR HOLMES (UK): Yes, I think that does clear it up to some extent.

MR VAN TUYLL (Netherlands): Mr Chairman, after having heard the explanation of the United States Delegate I wonder if it would not be wise just to delete the words "under the provision of chapters 2 and 7"? If the Governments who draw up this Charter decide that the Conference should have a responsibility, I do not see why we should allow the Conference to delegate to the Executive Board any of such specific powers.

MR KELLOGG (US): In answer to the question of the Delegate of the Netherlands, the Clause under the provisions of Chapters 2 and 7 is merely there to help in finding - a sort of direction finder, a place finder, to help to find the places where actual allocations of power are made. If you took out that clause you would not in any way change the sense of the document. In fact, all the allocations of power occur in No. 2 also.

THE CHAIRMAN: The Chair would like to suggest on this that inasmuch as there might be some alterations in the Charter which would make that specific citation inaccurate, it might be simpler and better to simply take that phrase out, and just say "expressly conferred". That is the point, is it not?

MR. KELLOGG (United States): Yes, that is correct.

THE CHAIRMAN: Is there any more discussion on paragraph 3? Is it agreed that those words should be drafted which I have just mentioned?

We pass then to paragraph 4.

MR. BURY (Australia): Mr. Chairman, I should just like at this point to mention again a point that I mentioned previously on another Article. That is, that the expenses of the organization should be apportioned among members according to the same principles which are evolved for contributions to the United Nations. There is a Contributions Committee of the United Nations now sitting in this City. It has this matter under consideration, and rather than renew the constant argument about the proportions in which nations should contribute I suggest that its ruling should be applied to the trade organization.

MR. PIERCE (Canada): I suggest, Mr. Chairman, we leave that matter to be discussed at the Conference, and not discuss it now. I say that because if the remark of the Australian delegate stood, that might be taken as conveying agreement of all of us, according to the principles on which we dealt with some of the earlier Articles in the Charter. I do not think we want to deal with that now. It was not your intention that we should do, was it?

THE CHAIRMAN: The Secretary would like to say a word on this.

THE SECRETARY: I wonder if the Committee would permit me to say a brief word on the point raised by the delegate of Australia? It is a fact that the United Nations are discussing, as a matter of convenience, of uniformity, and so on, having a scale of

Contributions, which it is hoped will be adopted by the present Assembly, applied as far as practicable - I underline the words "as far as practicable" - to other intergovernmental organizations, and whilst it may not be entirely appropriate to incorporate an amendment along the lines which ^{are} suggested in the Charter itself, I wonder if the delegate of Canada would consider it appropriate for some reference to this principle to be made, say, in the Report of this Committee for the consideration of the Conference when it meets?

MR. PIERCE (Canada): No, I would think that had better be left over, Mr. Chairman. Judging by the procedure followed in other international organizations, I believe that it started perhaps with the base used in the United Nations formula and then brought in certain elements. It is used as a rough guide, and has an important use, but I do not think we would be prepared to discuss the scale of contributions now.

MR. BURY (Australia): Mr. Chairman, I do not mind at what point it be pressed. I would not like to press it now, but in the end we shall press that the Report of this Committee, when it finally goes to the Conference, should contain a recommendation along that line, that as far as practicable the same principles would apply. Of course, we realise that the members will not necessarily be the same as the members of the United Nations, but that does not affect the principle or the relative proportion in which the members do contribute, and we should like that recommendation. When the final Report of this Committee goes to the Preparatory Committee we would seek a recommendation along those lines, but I am quite agreeable to defer it now.

Mr DÁO (China): Mr Chairman, we feel that the question as to whether the same principle should apply to this Committee in this as in the case of the United Nations has some relation with the voting system which we have just mentioned and also the allocation of seats on the Executive Board, and unless these questions are settled, I am afraid even the question of the principles - the same principles for this Organisation as for the United Nations - could not be very well discussed.

Mr BURY (Australia): Mr Chairman, I would not like to waste the time of the Committee by pressing this point any further, but we will revert to it perhaps at a later stage.

THE CHAIRMAN: We pass on, then, to paragraph 5. It appears that we have found a willing victim and we have approved this paragraph.

Mr NAUDE (South Africa): Mr Chairman —

THE CHAIRMAN: I withdraw what I have just said.

Mr NAUDE (South Africa): Mr Chairman, it is still subject to what is decided with regard to the composition of the Executive Board, is it not? If you are going to have a certain number of permanent members on the Executive Board, for the sake of argument then that clause will have to be re-drafted, slightly perhaps.

Mr PIERCE (Canada): Mr Chairman, I want to ask a question: under paragraph 5 I am trying to envisage how and when the first Director General will be appointed. I mean we consider we are at the first Conference now; we have no Director General; the Conference awaits a recommendation of the Executive Board, and then appoints a Director General. I was wondering whether in practice that might not either lead to very hasty appointments, or keep the Conference in session for quite a long time. I wondered whether some provision should not be made, under extraordinary circumstances perhaps, for the Conference to be able to delegate the power of appointment to the Executive Board.

Mr KELLOGG (USA): Mr Chairman, I would suggest that a question such as that which has been raised by the delegate of Canada could very well be discussed in any Subcommittee which works out the details of this.

Mr PIERCE (CANADA): Yes.

Mr NAUDE (South Africa): There is another point which this particular Committee which the United States delegate mentions might also look into. That is that the arrangements for the appointment of the Director General are stated twice in this draft as it now stands — in 5, the one we are looking ^{at} now, and also in the first sentence of Article 68.

THE CHAIRMAN: My understanding is that this point was discussed by the Subcommittee which was set up a few days ago. I will ask the Chairman of that Subcommittee if that is the fact.

Mr DAO (China): When the Subcommittee considered the provisions of Article 68 with regard to the appointment of Director General, we followed the example set up by the United Nations. We thought that the Executive Board would be elected by the Conference and then the Executive Board would meet and make a recommendation to the Conference while the Conference is in session. So I think there would be an interval between the election of an Executive Board and the appointment of the Director General; but we do not think that the interval would be so long as to impede the work of the secretariat or the work of Conference when the Director General is appointed; and I would remind the Committee that this provision under Article 8 was approved at our last meeting.

As to any suggestion as to delegation to some other organ of the power of the Executive Board in respect of the appointment of the Director General, the Subcommittee or Drafting Committee will bear in mind this special provision of Article 68.

Mr KELLOGG (USA): Mr Chairman, I would suggest, in view of the suggestion of the delegate of South Africa, that we strike out the

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words "shall appoint the Director General of the Organisation", since it is already contained in an Article which has been approved by this body.

THE CHAIRMAN: I wonder whether the delegate of the United States did not mean that we should strike out all of that language beginning "and on the recommendation of the Executive Board shall appoint", and so forth?

Mr KELLOGG (USA): Exactly.

Mr MORAN (Cuba): Mr Chairman, does the delegate from the United States suggest that we delete the phrase from Article 68 or from paragraph 5 of Article 55? Because I rather think that, as this Article 55 deals with the duties and powers of the Conference, the provision should be there better than in 68.

Mr KELLOGG (USA): In answer to the suggestion, I would point out that we have not concentrated all the powers and duties of the Conference under Article 55. For instance, in Article 2 we give to the Conference a certain duty in respect to membership. So that if you remove this particular duty from the list, you would not be spoiling an otherwise complete list.

THE CHAIRMAN: What then is the decision? Do we delete the language as suggested by the delegate from the United States? Does that satisfy the delegate from Cuba?

Mr MORAN (Cuba): Yes.

THE CHAIRMAN: Is there any more discussion on paragraph 5?

Mr LAURENCE (New Zealand): There is just a point, that the Drafting Committee might consider. I noticed in paragraphs 6 and 7 that there is a prescription of responsibilities or a reference to responsibilities of the Conference as to obligations imposed in other Articles. It is just a question of whether, if you are going to refer specifically to obligations in some Articles elsewhere in the Charter, you should not include obligations at all points elsewhere in the Charter, or, alternatively, drop from Article 55 references to obligations in other sections; but I do not want

to go into any detail now. It is just a refinement in drafting that may be considered by the Committee

THE CHAIRMAN: The remarks of the delegate of New Zealand were addressed to paragraphs 6 and 7, and I was still endeavouring to conclude business on 5.

Mr LAURENCE (New Zealand): Mr Chairman, it was merely to illustrate the principle that arose in respect of consideration of the particular point in relation to paragraph 5.

Mr PALTHEY (France) (Interpretation): Mr Chairman, I agree with the suggestion of the New Zealand delegate that such questions should be entrusted to the Drafting Committee. I do not know whether we here are only to take decisions concerning the substance or whether we should also agree on the final drafting. I think that if we agree on the principle that the Director General should be elected by the Conference on the recommendation of the Executive Board, it should rest with the Drafting Committee to decide in which part of the text this should be included. If we are to be concerned with questions of drafting, it would be necessary then to create within this Committee a small Drafting Subcommittee.

THE CHAIRMAN: I take it that the answer to the question of the delegate from France is that we do not undertake in full session of the Committee to do detailed work of drafting. Of course, when we can agree on a text just in passing with the change of a word, or some very simple change, we might say that we are drafting; but where there are subtle questions of drafting, organisation and so forth, it must be given more careful consideration than we have time to give. I think it is quite clear that it should be left to the Drafting Committee which presumably will deal with all these matters in the interim between the first meeting of the Preparatory Committee and the second meeting of the Preparatory Committee.

MR PALTHEY (France)(Interpretation): I entirely agree.

THE CHAIRMAN: Are we ready now to consider paragraph 6?

Paragraphs 6, 7 and 8 seem to be of the same character so far as matters which might be discussed by this Committee at this time are concerned.

BARON van TUYLL (Netherlands): I would like to ask a question.

In paragraph 2 it says, "by vote of two-thirds of its members", and paragraph 8 says "by two-thirds majority of the votes cast". Is there some fundamental difference there?

THE CHAIRMAN: I would say no. Would the delegate of the United States care to answer that?

MR KELLOGG (United States): The Chairman has spoken correctly, as far as I know.

MR PIERCE (Canada): Mr Chairman, in connection with that phrase and similar ones in the Charter, I do not know if the suggestion was made that we use the form of words, "with the approval of two-thirds of the members present and voting". We did discuss the deletion of the word "majority" but I do not know whether we suggested adding the words "members present and voting".

MR DAO (China): Mr Chairman, as I understand it, we touch that point in Article 75 of the charter. The same term is used there. I took it for granted that that meant the vote of two-thirds of the members and not the vote of two-thirds of the members present and voting; so if this interpretation is correct then paragraph 2 means two-thirds of the members present and voting, and then paragraph 8 means two-thirds of the votes cast, and I find there is a difference between them.

MR KELLOGG (USA): There is a distinction, of course, as the delegate of China has pointed out, and in the case of Article 75, when we are dealing with amendments it would be.

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desired to have two-thirds of the actual members of the Organisation, whether they voted or not. Paragraph 2 of Article 55 is again a pretty important case, where you presumably want to have all the members there, or covered - one way or the other. As to paragraph 8 of Article 55, that is a somewhat less important matter and presumably would be covered by the second paragraph of Article 53, which says "decisions of the Conference shall be taken by a majority of the Members present and voting". I think the two really crucial Articles are 75, on amendments, and 55(2) on waivers, where you want to have all the members covered. As to paragraph 8 of Article 55, as I say, that is a matter of less importance.

THE CHAIRMAN: We seem to have been discussing paragraphs 6, 7 and 8 all in one. Are there further comments on any of those paragraphs?

MR DAO (China): I have one point to make. It appears that the draftsman of these provisions had in mind that all the powers of determination provided in Articles 25, 45, 29 and 30 should be vested in the Conference. Of course, at present we do not know the fate of these Articles. However, if that is the intention of the draftsman we think that Article 18(3) should be incorporated somewhere under Article 55.

MR HELLOGG (USA): I am not sure whether this answers your question. As I see it, the plan is for the Interim Tariff Committee to make its decisions by a majority vote - that is under Article 56(4). When the Interim Tariff Committee is finally absorbed into the full Conference then, of course, its vote is covered by paragraph 2 of Article 53, which says "decisions of the Conference shall be taken by a majority of the Members present and voting"; so that the matter remains on the majority vote basis. Is that an answer to your

question? I am not sure that I understood it.

MR DAO (China): There is a slight difference from my point of view. I find that as it is drawn up here the Conference has no power to establish procedures for making the determinations and recommendations provided in Article 18(3), although this power will be exercised in certain circumstances by an Interim Committee. Suppose the Interim Committee is absorbed into the Organisation, does that mean that this power which has been exercised by the Interim Tariff Committee will also automatically be absorbed by the alteration?

MR KELLOGG (USA): The answer is Yes; it will be absorbed by the Conference itself.

THE CHAIRMAN: If there is no further discussion of paragraphs 6, 7 and 8 we will pass on to paragraph 9. I hope we shall conclude this Article 55 tonight, except for those parts which we have reserved for examination. Now, I take it that nobody objects to the Conference determining the site of the Organisation, and to the Organisation having a site?

MR BURY (Australia): I was not quite sure whether we were actually discussing paragraph 9 or whether you were awaiting further comments on 6, 7 and 8. If we have passed on to 9, then I would like to make a point, though I would not press it at this stage at all. Eventually we should hope that this Committee might pass a recommendation that the site of the Organisation should be in the same place as the economic secretariat of the United Nations, which presumably would be at the Headquarters.

THE CHAIRMAN: As I understand it, the delegate for Australia is telling us in advance the position his Government will be in with reference to the site. That is quite all right, but we have to decide just now as to whether the Conference shall determine the site or not.

MR BURY (Australia): I mention it as something that would be just in the form of a recommendation.

MR HOLMES (U.K.): By whom would the recommendation be made and to whom?

MR BURY (Australia): By the Preparatory Committee, to the full international Conference which would be called to pronounce upon the Charter.

THE CHAIRMAN: Are there any further comments upon paragraph 9? If not, I take it it is approved.

Before adjourning we have to consider the question as to whether we ought to plan for another meeting of this Committee before Wednesday. There seems to be not very much that we would take up advantageously between now and then - possibly Articles 59, 60 and 62, except paragraph 1. I am not sure that that would occupy the time of a full session of the Committee; on the other hand, I may be mistaken about that. It would appear also that it would not be feasible at this time to take up the general purposes of the Organisation or the functions of the Organisation. I think we need to know how that has been taken up in the other Committee before we can deal with it advantageously. I am therefore inclined to suggest, quite reluctantly - because I want to move forward with the Committee's work - that we have our next meeting on Wednesday and have no meetings in between. What are the views of the Committee with regard to that?

MR LAURENCE (New Zealand): Mr Chairman, there is one point that occurs to me. I am wondering if the Chair or the Secretariat are satisfied that there is liaison with other committees to the extent that the co-operative effort that is possible is being carried out to the best advantage. The reason I raise that point is this, that at other committees I have heard it suggested that certain items which concern this Committee and the other Committees are already being considered here. I know of one - I think it is the Committee on Commodity Agreements - that is expecting to get something back from this Committee on Commodity Councils or Commodity Commissions, or whatever they are, and we are waiting for them and they are possibly waiting for us. So that I am wondering whether there is full understanding between the two bodies.

MR BURY (Australia): Mr Chairman, I was present at Committee IV when it discussed these matters, and my impression was that enough had been said there to enable us to discuss Article 66. Whether that would justify a special meeting or not I do not know; but at least provisionally, even if we had to discuss it afterwards in conjunction with Committee IV, we could go ahead, and I would not suggest that that would justify a special meeting before Wednesday.

THE CHAIRMAN: I think that in view of the comments that have been made I might reconsider my position of a moment ago, and very gladly reconsider it, to suggest that we could, after all, have a meeting before Wednesday; that we might take up the paragraphs which I mentioned, 59, 60 and 62; and that we might also have a preliminary discussion of Article 66, dealing with the functions of the Commodity Commission, after which we would appoint a joint sub-committee with Committee IV to deal further with the subject-matter of this article and attempt to arrive at a satisfactory arrangement which is certain to mesh the work of this Committee properly and effectively with the work of Committee IV.

MR KELLOGG (USA): Mr Chairman, may I suggest that we also consider Article 2 at our next meeting before Wednesday? I do not think that needs to wait for any further consideration by other Committees.

THE CHAIRMAN: Is it agreed then that we should go forward with plans for a meeting sometime between now and Wednesday and as soon as possible, the Agenda of which would include the various suggestions which have been made? The Secretary wishes to make a statement.

THE SECRETARY: I would like to reassure the Delegate of New Zealand and other members of the Committee that an attempt is made by the Secretariat to know where other Committees have got to in relation to our own programme, and the Secretariat was aware of the position of Committee IV particularly. There is regular contact between the Secretary of that Committee and the Secretary of Committee V. It was our feeling, however, that final consideration of Article 66, for example, would have to be done in conjunction with Committee IV by means of a joint sub-committee. Committee IV, has up to the present time been so regularly meeting and working so hard that it did not appear very practicable for them to give their attention to the establishing of a joint sub-committee just for the time being; but I think the point has almost come when that could be arranged.

THE CHAIRMAN: We seem to have difficulty in adjourning! But I do want to say that the plan as I understand it is that we should take up those Articles 59, 60, 62, 2 and 66, and I desire also to state that it is my present thought that we would set up a sub-committee on drafting matters to deal with all of those articles which I mentioned, except 66, that is to say, Nos. 59, 60, 62, and 2; and then, of course, we would later have the problem of setting up a joint sub-committee in connection with Committee IV to deal with the content of Article 66.

MR LAURENCE (New Zealand): I do not want to delay the meeting, but in the light of what the Secretary said I want to make it clear that I had no intention of reflecting on the quality of the liaison between the Secretariat. What I was concerned about was whether the Chair had taken sufficiently into account what was the position of other Committees, and I would like to go on record as saying that there is no intention, or else that the record could be re-phrased, of casting any reflection on any point like that.

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THE CHAIRMAN: If there are no further comments, our meeting is adjourned.
(The Meeting rose at 6.50 p.m.)