

SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE  
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

Summary Record of the 26th Meeting of  
Commission B held on Friday, 18 July,  
1947, at 2.30 p.m., in the Palais des  
Nations, Geneva.

Chairman: The Hon. L.D. WILGROSS (Canada)

The Commission resumed its discussion of the composition of the Executive Board.

Mr. COUILLARD (Canada) explained the Canadian proposal regarding Article 68 set out in the Report of the Drafting Committee. He pointed out that that proposal provided for a membership of the Board of 15. This number would ensure that the Board would function efficiently and was based upon a ratio between the membership of the Board and the Organization of one in four. The Canadian proposal favoured a system of permanent seats allocated on a basis of economic and functional importance and geographical distribution. The Canadian proposal named the countries which the Canadian delegation thought should be given permanent seats - the United States, the United Kingdom, France and Canada on a basis of participation in international trade, India and China because of their potentialities in the realm of the International Trade Organization, and Australia or New Zealand, one country representing the Belgium-Luxembourg-Netherlands Customs Union and two South American countries, these last four seats being allocated on a basis of geographical representation. The Canadian proposal also provided for five other members.

The Canadian delegation had no strong views on the question of the voting majority required in the election of members to the Board and it favoured a two-thirds majority of the Members.

Dr. NAUDE (South Africa) suggested the wording "scheduled seats" or "appointed seats" to avoid the use of the word "permanent". The South African delegation favoured a membership of 15 but would be prepared to accept up to 18. Any formula which was accepted by the Preparatory Committee along the lines of that proposed by the United Kingdom should make it possible to take care of changing conditions. The United Kingdom formula was too rigid but this fault could probably be overcome. As regards the alternatives A and B set out in the Drafting Committee Report, the South African delegation favoured the latter as it provided for the representation not only of countries of great economic importance and of countries of small economic importance, but also of a middle group. Countries of this middle group should be represented for most of them were in a very active state of development. Alternative B was preferable also in that it provided for a system of dividing seats into permanent, semi-permanent and otherwise. The Canadian proposal did not provide for representation from the African continent and the South African delegation considered that the Board must contain some representation from that area of the world.

Mr. van TUYLL (Netherlands) said that the question before the Commission could be settled in two different ways - firstly by leaving the question of which countries must be represented on the Board to the Conference, and secondly, by deciding it immediately. The Netherlands delegation favoured an immediate

decision. He thought that the membership of the Board should be between 15 and 18 but that it should be possible to increase the membership at any time without an amendment of the Charter. The following formula might be adopted - to give the Conference the power to increase the membership by a vote of two-thirds of the Members of the Organization. Representation on the Board should be decided in accordance with the principle of giving permanent voice to the most important trading nations and in accordance with a system of rotation. Alternative B set out in the Drafting Committee Report provided a satisfactory solution with its three types of seats - permanent, semi-permanent and rotating seats. For a number of reasons he did not favour stating in the Charter those countries which should be permanent members of the Board.

Mr. KARMARKAR (India) said that the Board should not have less than 18 members. Not more than one-half of the seats should be allocated to countries of economic importance. Economic importance should not be judged only upon participation in foreign trade or amount of national income, but also upon economic potentiality and population. It would also be necessary to ensure that a definite minimum of seats was reserved for countries in the primary stages of economic development.

Mr. OLDINI (Chile) favoured equality among the members of the Board. He thought that the Board should be as widely representative as possible and he therefore supported a membership of 18. Seats on the Board should be allocated with a view to giving representation to the various economies in the world and to the various economic regions. There should be a number of permanent seats. The allocation should be

conditioned by economic importance. There should be absolute voting equality within the Board. Should a system of weighted voting be adopted the Chilean Delegation would be opposed to permanent seats upon the Board and vice-versa. The Chilean delegation thought that a simple majority vote should be used in the election of members of the Board.

Mr. COLBAN (Norway) considered that from the experience of the League of Nations a system of dividing members of the Board into three categories would not be advisable. The Netherlands delegate had said that it was necessary to decide the members of the Board now, without, of course, mentioning certain states by name. However, the Norwegian Delegation considered that this was not necessary as the leading economic powers would inevitably secure seats on the Executive Board. The best solution seemed to be to decide simply that a certain number of members of the Board should be eligible for immediate reelection whilst others should not. The allocation of those places could be reviewed every three years. He thought that the number of immediately re-eligible members should be six or seven. As regards group representation upon the Board, he did not think it necessary to provide for this as community of interest would bring together such countries as felt that one of their number might represent them all. He favoured a majority of two-thirds of the Members present and voting in elections to the Board.

Mr. MINOVSKY (Czechoslovakia) said that he was surprised to see that the Canadian proposal had omitted from those countries which were to have permanent seats on the Board the Soviet Union. The Preparatory Committee

must presume that the Soviet Union would be a Member of the Organization and a permanent seat upon the Board should be allocated to it.

Mr. COUILLARD (Canada), replying to the delegate for South Africa, said that the African continent would be represented under Category (c) in the Canadian proposal. There was no necessity to name the members of the Board in the Charter -- the membership of the Board might form an annexure or be related to the Charter in some other way. Concerning the revision of the allocation of permanent seats, undoubtedly the Charter would be subject to periodic revision and at each such revision the matter could then be taken into account. In reply to the delegate of Czechoslovakia the question of the permanent membership of the Soviet Union on the Board could be decided when the Charter was signed.

Mr. LAWRENCE (New Zealand) explained the New Zealand amendment to Article 63 (1) which suggested that the words "not more than" be inserted before the words "fifteen Members". The amendment had been introduced because in view of the provisions of Article 63 of the Draft Charter the New Zealand delegation considered that the relationship between the number of members of the Board to the number of Members of the Organization should not be too close. The New Zealand delegation considered that there should be between fifteen and eighteen members on the Board. As regards the allocation of a number of permanent seats, this question was tied up with the question of weighted voting. Should a system of weighted voting be adopted the New Zealand delegation considered that permanent seats were unnecessary.

Dr. GUTIERREZ (Cuba) thought that the Commission was almost unanimously agreed that the Board should be composed of from fifteen to eighteen members. He also thought that the majority of the opinion in the Commission favoured a system of permanent seats which should be allocated to the United Kingdom, the United States, France, China, India and perhaps others. The Cuban delegation thought that it would be very difficult to establish criteria for determining which countries should be entitled to permanent seats. It was certain, however, that all the geographical and economic divisions of the world must be represented on the Board.

Mr. HAKIM (Lebanon) agreed with the delegate of Australia that great nations would always be elected to membership of the Board -- the experience in the United Nations proved this. He also agreed with the statement of the delegate of Australia that various types of economies should be represented. The delegation of Lebanon thought that the membership of the Board should be large enough to ensure that permanent members would not represent a majority. Summing up, he considered that membership of the Board should number eighteen, of which number eight should be permanent, permanence to be determined by a carefully worked out formula on the basis of importance in trade, such determination being subject to revision from time to time.

Mr. KOJEVE (France) felt some difficulty in adopting a system of so-called objective criteria to determine the allocation of permanent seats. A table prepared by the Secretariat in accordance with such criteria showed that Italy was more entitled to a permanent seat than China, which was unreal.

Mr. KELLOGG thought that the membership of the Board should be limited to fifteen with the possibility of an expansion up to eighteen and with the possibility of some modification below the figure of fifteen at the beginning of the Organisation's work. The United States delegation was willing to accept any formula determining the allocation of the permanent seats but thought that it would be difficult to find a generally acceptable formula. For this reason the United States delegation favoured the suggestion of the delegate of Norway that the Board should comprise fifteen members of which up to seven would be eligible for re-election and the rest subject to rotation.

Dr. WUNZ-KING (China) thought that the use of the word "permanent" should be avoided. He considered that the solution suggested by the delegate of Norway and supported by the delegate of the United States was fairly satisfactory. However, it had the fault of its own simplicity for delegations would need some guiding principles when they were electing members to the Board. Regarding the determination of such members it was absurd to think that Italy would possibly compete with China for a permanent seat upon the Board as was shown in the table set out in the Drafting Committee Report. That table was faulty in that it overlooked the democratic factor of population. That factor and the factor of potentialities must be taken into account when working out any formula to be used in elections to the Board.

The CHAIRMAN summed up the discussion and requested the Commission to express its opinion upon one question which had been somewhat overlooked, namely, the question of what majority should apply in elections to the Board.

Mr. PARANAGUA (Brazil) thought it would be more regular to elect members to the Board by a two-thirds majority.

Mr. van TUYLL (Netherlands) agreed that the majority should be a two-thirds majority. He favoured the solution of the whole problem which had been suggested by the delegate of Norway.

Mr. OLDINI (Chile) thought that the suggestion made by the delegate of Norway would be a satisfactory basis for discussion in the sub-committee. He also thought that a decision on this whole question must be taken by the Preparatory Committee and not left to the World Trade Conference.

Mr. MINOVSKY (Czechoslovakia) favoured the application of a majority of two-thirds when members were being elected to the Board. He also was in favour of the suggestion made by the delegate of Norway.

Mr. HAKIM (Lebanon) also supported the application of this majority but said that some provision would need to be devised to prevent a deadlock in any particular case.

Mr. KOJEVE (France) agreed with the delegate of Lebanon.

Mr. KARMARKAR (India) thought that it might be necessary to adopt a simple majority vote in election to the Board.

The CHAIRMAN suggested and the Commission approved the reference of the question of the composition of the Board to the sub-committee for further study.

Dr. GUTIERREZ (Cuba) asked whether the sub-committee might not be requested to study the question of the voting power of customs unions.

Mr. van TUYLL (Netherlands) replied that as the Members of the Organisation would all be independent States and would each sign the Charter, no question should arise as to the voting power of customs unions.

Mr. de GAIFFIER (Belgium-Luxembourg) supported the remarks of the delegate of the Netherlands.

Mr. OLDINI (Chile) thought that the sub-committee might be asked to study this problem.

Dr. GUTIERREZ (Cuba) said that he did not insist upon his proposal.

The CHAIRMAN proposed and the Commission agreed that Article 66(5) should be referred to the Sub-Committee on Chapter VIII, that Article 66(7) and Article 67(4) should be referred to the Sub-Committee on Voting and Membership of the Executive Board.