

United Nations  
CONFERENCE  
ON  
TRADE AND EMPLOYMENT

Nations Unies  
CONFERENCE  
DU  
COMMERCE ET DE L'EMPLOI

UNRESTRICTED  
E/CONF.2/C.6/SR.11  
16 December 1947  
ORIGINAL: ENGLISH

SIXTH COMMITTEE: ORGANIZATION

SUMMARY RECORD OF THE ELEVENTH MEETING

Held at the Capitol, Havana, Cuba

Monday, 15 December 1947 at 10.30 a.m.

Chairman: Mr. Erik COLBAN (Norway)

CONTINUATION OF DISCUSSION OF ARTICLE 74, Paragraph 6

The CHAIRMAN summarized the discussion of the last meeting and suggested that the text of the Charter be adopted in first reading and the delegations most interested in the issue should consult before the second reading.

Mr. COUILLARD (Canada) stated that he was unable to withdraw his delegation's reservations but offered the following four compromises: (1) that the proviso be deleted, or (2) that a sentence be added to the proviso that "no Member shall be required to make a per capita contribution higher than any other Member to whom the proviso might apply", or (3) that the words "one-third" be changed to "40 per cent", or (4) that to the existing text the sentence be added that "due regard shall be paid to the per capita contribution of other Members who might be adversely affected by it."

Mr. AMADOR (Mexico) thought that, if the majority were in agreement, the proviso might be deleted in first reading if it were more clearly stated that Members' contributions would be assessed on the same principles as applied by the United Nations.

Mr. STINEBOWER (United States) declared himself unable to agree to the deletion of the proviso, but seconded the Chairman's suggestion to form a small informal discussion group to redraft the text.

The CHAIRMAN asked the representatives of Australia, Canada, Ireland, Mexico and the United States to consult informally before the second reading.

Paragraph 7

Mr. AMADOR (Mexico) explained that his amendment proposed deletion of paragraph 7 and the insertion, in its place, of Article 70-B. It was unnecessary expressly to provide in the Charter for the Organization's right to establish branch offices. On the other hand, it would make the future work of all countries becoming Members of the Organization much easier if they knew in advance where its seat was going to be. The experience with the

/United Nations

United Nations in that regard showed that a lot of delay, debate, and expense could thereby be saved. If, however, it was felt that more time was needed for such a determination, his delegation would be satisfied if the space for the Organization's seat were left blank in the proposed Article 70-B.

Mr. DEDMAN (Australia) thought that the decision of the seat of the Organization should be left to its future Members since nobody could foresee which countries here present would actually join it.

The CHAIRMAN inquired if the Mexican representative would be satisfied if paragraph 7 were to read: "The Conference shall, at its first annual meeting, determine....", but Mr. AMADOR (Mexico) emphasized his belief that the determination of the seat should properly be included in Chapter VII, Section A, and not in Section B.

Mr. de VRIES (Netherlands) was certain that the determination of the seat had been included in Article 74, paragraph 7, for the specific reason that it was the right and duty of the Conference to decide on that point, and not, e.g. that of the Director-General. To charge the first annual meeting of the Conference with this duty might impose too heavy a burden on it.

Mr. GAZDAR (Pakistan) expressed himself in favour of the Mexican amendment, and Mr. PARANAGUA (Brazil) said he could not see why the matter should not be decided as soon as possible.

The CHAIRMAN warned that it might prove unwise to bind the Conference to take a decision at its first session when only a small number of Members might have joined the Organization and seeing that such a decision might prove very difficult to change later.

Mr. PARANAGUA (Brazil) disagreed with the Chairman, in the belief that it was the privilege of the original Members to decide the seat. A delay in such a decision would impede the Organization's work from the very beginning.

Mr. W. KING (China) agreed with the remarks made by the Mexican and Brazilian representatives. The formation of a preparatory committee, might be contemplated similar to the one created at the San Francisco Conference, to make recommendations regarding organizational and administrative matters, as well as the seat of the Organization, to the first annual session of the Conference.

Mr. FORTHOMME (Belgium) thought it would be more realistic to postpone the discussion of the amendments of the delegation of Mexico regarding contributions and the seat of the Organization, until a later

/stage

stage in the discussion.

Mr. HOLMES (United Kingdom) then endorsed the Netherlands' point of view, Mr. KOJEVE (France) that of the United Kingdom and the Netherlands, Mr. DOMOND (Haiti) that of Mexico, and Mr. BLUSZTAJN (Poland) that of China.

Mr. OLDINI (Chile) remarked that if the remarks of the Belgian representative were carried to their logical conclusion, it would mean that nothing could be discussed until the Organization was set up. He was of the opinion that the original Members should be empowered to decide the seat of the Organization, and felt that the Charter should so state.

Mr. FORTHOUME (Belgium) explained that he only wanted the discussion to be deferred until a later stage in the Conference.

Mr. ROUCHDY (Egypt) endorsed the Chinese proposal of setting up a sub-committee to study the problem.

Mr. KOJEVE (France) recalled the difficult experience in the Food and Agriculture Organization and thought a decision on this question should not be taken too early.

The CHAIRMAN agreed that the fifty-eight delegations present should not tie the hands of the supreme body of the Organization, the annual Conference. It was the privilege of the Conference to take the decision at an early or later stage, but the Charter should not force the Conference to make a decision at any specific time. He supported the Netherlands representative's remarks that it was mainly a question of drafting, but at the same time the decision of the seat should remain vested in the Conference.

Mr. OLDINI felt that the impasse could be overcome by agreeing on a text which would allow for a simple majority to decide the issue instead of a two-thirds vote. While the Conference preferably should make a decision at its first session, it would not be wise to force it to do so.

Mr. AMADOR (Mexico) was of the opinion that a footnote might be inserted in the text to provide for the matter; no hands would be tied, and there would be no need to amend the Charter. He recalled that in the case of the United Nations a preparatory committee made recommendations regarding the seat to the First Session of the General Assembly. The Organization might adopt a similar procedure.

Mr. POLITIS (Greece), while supporting the Belgian viewpoint, thought the Conference might now at least give an indication of its intent for the guidance of the first annual session of the Conference of the Organization.

Mr. HOLMES (United Kingdom) suggested that the difficulty could be

/overcome

overcome by changing the word "determine" in paragraph 7 to "consider", and adding "at the first annual meeting".

Mr. AMADOR (Mexico) repeated his earlier suggestion to leave the site blank and to have this Conference recommend that the matter be decided at the first annual meeting at the Conference of the Organization; any other provision in the Charter would tie the hands of the Organization too much.

The CHAIRMAN then announced the formation of an ad hoc committee composed of the delegations of China, Haiti, Netherlands and United Kingdom to study the Mexican amendment.

After the CHAIRMAN had explained the three alternatives submitted in the report, Mr. DEDMAN (Australia) said that the method of appointment of the Executive Board should follow two general principles: first, by the consideration of all factors relevant in the appointment. Some of those factors were: (a) representation of countries with large interests in the Organization by virtue of the degree of their trade or national income; (b) accumulated experience of certain countries; (c) wide geographical distribution; (d) diversity in the types of economies and economic systems represented; (e) the possibility of electing a country because of the expert capacity of its representative. Alternative A, and to some extent Alternative C, failed to implement those principles.

The second principle was that the voting system should give proper and fair assessment to claims of countries to membership of the Board. He favoured Alternative B, and would support a proposal to increase the number of Members that could be re-elected immediately. He doubted the need to specify permanent membership in the Executive Board since some countries would undoubtedly be elected and continuously re-elected. Alternative B was simple and lacked the shortcomings of Alternatives A and C.

Alternative A was unacceptable, it failed to meet the above mentioned criteria save that of geographical distribution and was complicated. It did not take into account future revision of the list of countries of greatest economic importance. As regards the non-permanent seats, there was no provision for changing the number of seats should only a few countries of the groups mentioned in (c)(i) and (ii) join the Organization. In case of large membership in the Organization it would be anomalous for groups (b) and (c) to have equal representation on the Board with group (d).

Citing hypothetical examples, he showed that if relatively few countries outside (b) and (c) joined the Organization, all the rules of paragraphs 1 (d) and 6 might be anomalous, if not inoperative.

/Furthermore,

Furthermore, countries which did not belong to the groups identified in sub-paragraphs (b) and (c) would be uncertain whether the interests of groups to which they would be assigned would coincide with their own. The mathematical symmetry of paragraphs 5 and 6 was exaggerated and ignored the various relevant criteria. Mr. Dedman doubted the desirability of too much flexibility in the system of election as outlined in paragraph 8 since change in the system by the Conference would hardly be made objectively.

Mr. Dedman concluded by saying that if the Conference decided that permanent members of the Board should be named, then he would prefer Alternative C, but strongly opposed the Alternative A.

Mr. WATERSON (Union of South Africa) agreed with the representative of Australia that Alternative B was most satisfactory. Since the Executive Board would act on behalf of the Conference, it should be elected by the Conference. Alternative A provided for a repugnant system of sectional interest. He doubted whether unclassifiable members on the Organization which would be practically disenfranchised on the Board under that system, would consider joining the Organization. The only way to ensure full representativeness of the Board was through Alternative B, under which the economically important countries would certainly be elected and re-elected to the Board provided they carried out their responsibilities. The Conference could be trusted to ensure fair representation as well as to watch over the work of the Board.

He also agreed with the representative of Australia regarding Alternative C, adding that either C or the French amendment were preferable to A, if B were not adopted.

Mr. FORTHOMME (Belgium) speaking of the Customs Union of Belgium, Luxembourg and the Netherlands, pointed out that it covered only the metropolitan areas of those countries. A Customs Union formed a separate economic unit although its members retained their independence and individuality; they had to adhere separately to the Charter, but could only do so if all the other members of the Union did likewise. The manner of representation of the Union and its members varied according to the organs of the Organization. On the Tariff Committee which was concerned with matters entirely in the competence of a Customs Union, the Benelux would be represented as a unit; in the Conference each Union Member would sit separately, while on the Executive Board, in view of the limited number of seats, the representatives had to consider regional, as well as general, interests. The Board had to include representatives of leading economic entities. As an important economic entity, the Benelux Customs Unions should be permanently represented on the Board by Belgium, Luxembourg and /the Netherlands

the Netherlands in turn who would sit as individual members as well as representatives of their Union.

He agreed with the representative of Australia regarding Alternative A although detailed provisions were sometimes very important. The simplicity of Alternative B was not an advantage, it did not take economic interests sufficiently into consideration. On one hand Alternative B provided for absolute equality, on the other it foresaw the need for re-election of the economically important countries. Chance should not be permitted to destroy the equilibrium of the Charter. He therefore favoured, as the most adequate formula, the French proposal.

Mr. KOJEVE (France) explained that his amendment, based on previous proposals made by his delegation in New York and Geneva, was presented with the understanding that Article 72, Alternative A would be adopted. The present French amendment should be examined in principle; if adopted, an appropriate text could be found later. The principle was based on two questions: (1) should permanent seats on the Board be provided and if so, (2) how should those seats be apportioned. Favouring permanent seats, he said that experts would have a chance to specialize in the work. It was necessary to avoid what the representative of Cuba had called "prefabricated majorities". The best guarantee against that would be to provide permanent seats for all types of economies thus ensuring complete objectivity and re-assuring small and medium countries that their interests would be taken into account. In reply to the argument that the Board should represent the general interests of the Conference, he said that it would be "psychologically" impossible for representatives to dissociate themselves from the interests of their countries. As regards the methods of apportioning seats, he thought that completely objective principles might tend to be oligarchic and would not take the needs of weaker countries sufficiently into consideration. The idea of the French delegation propounded in Geneva, that weak as well as strong countries should be represented on the Board, had found some reflection in Alternative A. However, the list of countries presented by his delegation was preferable, even if modified.

He felt that simple elections might lead to maneuvers and bargaining. In a balanced system, however, bargaining would lose its interest. He therefore suggested that the principle of a list of countries should be discussed.

The prospective customs unions between France and Italy, and India and Pakistan would also have to be taken into consideration in connection with the composition of the Executive Board.

/Mr. STINEBOWER

Mr. STINEBOWER (United States) said that his delegation was desirous to make a substantial contribution to the progress of the Conference and bearing in mind the close connection between the question of Article 72 and other questions, he announced that his delegation would support Alternative A of Article 72 on the second reading of that Article. Having understood from the very beginning the close balance between the arguments, his delegation had returned, in the light of the discussion, to the position it held previously. It maintained however, very firm views with respect to other questions, in particular with respect to Article 75. The important criterion of relative economic importance, considered very difficult in connection with Article 72, would not be as great a problem with regard to Article 75. Relative economic importance had to be taken into account if not in Article 72, then in Article 75. Therefore one-half of the members of the Executive Board should be the economically most important countries. Furthermore, an Organization with functions of such range and importance needed to have an element of continuity.

Another important criterion was the establishment of a small, efficient body; the Executive Board was to expedite, not duplicate the work of the Conference. A third criterion was the undesirability of rigid geographical lines being drawn. Geographical representativeness, not representation, was important. Having acceded to unweighted voting, he stated that Article 75, Alternative C was absolutely necessary. He reserved the right to return later to questions of detail.

The CHAIRMAN proposed and it was agreed that the United Kingdom should be added to the Joint Sub-Committee of the Second and Sixth Committees.

-----