

UNITED NATIONS  
ECONOMIC AND SOCIAL COUNCIL  
PREPARATORY COMMITTEE  
of the  
INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT

Verbatim Report  
of the  
TWELFTH MEETING  
of  
COMMITTEE V  
held in  
Hoare Memorial Hall  
Church House, Westminster  
on  
Tuesday, 12th November, 1946  
at  
10.30 a.m.

CHAIRMAN: Mr. Lynn R. Edinister (United States)

(From the shorthand notes of  
W.B. GURNEY, SONS & FUNNELL,  
58 Victoria St.,  
Westminster S.W.1.)

Correction: Ref. Verbatim Report of Ninth Meeting of Committee V  
(E/PC/T/C.V/PV/9), for "Wednesday, 7th November, 1946"  
read "Thursday, 7th November, 1946".

THE CHAIRMAN: We are very late getting started this morning; I think the reasons are very well understood, with the convening of Parliament, the large crowds, and the blocking of the streets it has been very difficult for some of the Delegates to get here. We are still not all present, but I think we can proceed with our meeting anyhow. This morning we are going to use the simultaneous translation apparatus, and this afternoon we shall have successive translations. Those in the translating part of our service who are affected by that decision can take note accordingly.

The report of the Ad Hoc Drafting Sub-Committee on Article 76, article 76, paragraphs 3 and 4, and on Article 2 is being prepared, and we hope that it will be ready at about 12 o'clock. As soon as it is ready I shall call upon that Sub-Committee for that report. It will be the first order of business. Meanwhile, I propose that we take up for discussion Article 50 on Functions of the Organisation.

I hope the Committee will not be unduly alarmed from time to time when I allow a few moments' silence to take place. I am quite deliberate in that. It is to give the members of the Committee an opportunity to look at the text and make up their minds as to whether they want to bring up a point. Quite frequently I assume there is nothing going to be brought up on a paragraph, and then when I am on the point of going to the next paragraph, a barrage of comments breaks out. I find from experience it is a little better to have a minute of prayerful silence until members make up their minds whether to bring up something or not.

Is there any comment on paragraph 1 of Article 50?

MR. HOULMAN (Belgium-Luxembourg) (Interpretation): I should not wish to begin this attack of fire you have just mentioned, Mr. Chairman. I want only to ask you to add a phrase to the paragraph, after the sentence "collect, analyse and publish information relating to international trade," the words "information relating to employment policy." You

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will notice that paragraph 1 aims at putting together information regarding the work of all the Committees, excepting any allusion to Committee I, that is, work regarding employment policy. Therefore, I suggest that the amendment I have mentioned should be made.

MR. KELLOGG (US): I have the impression that in the report of Committee I dealing with this subject, they have recommended that the function of gathering information regarding employment be bestowed on the Economic and Social Council and its Sub-Commissions. I believe they make that specifically clear in their report, and I do not suppose we would want to set up this Organisation in competition with the Economic and Social Council. My comments, of course, must be checked against the final report of that Committee, which I have not seen.

Mr HOUTMAN (Belgium-Luxembourg) (Interpretation): It is clear that if the Plenary Meeting really would give all policy problems to the Economic Development Committee, as the Delegate of the United States has just mentioned, I should not insist on this point.

THE CHAIRMAN: Are there any more comments on paragraph 1?

Mr PALFREY (France) (Interpretation): I do not wish to make any special intervention merely in regard to paragraph 1. I would like to enquire of the Committee if it would not consider that one of the terms of reference of the future organisation which should be foreseen might be the exchange of technical experts and the establishment of a system which would make it possible to facilitate sending technicians from several countries into other countries less developed. This problem might later be revised when we know the final decisions of Committee I, but it seems to me that we might even now keep this idea in mind if the Committee sees no difficulties.

THE CHAIRMAN: The point raised by the Delegate for France seems to the Chair to be more related to paragraph 2 than to paragraph 1.

Mr PALFREY (France) (Interpretation): Yes, that was it.

THE CHAIRMAN: I take it that we have passed to paragraph 2, which is quite all right as far as I am concerned. Is there further comment on paragraph 2?

Mr HOLMES (United Kingdom): Mr. Chairman, I was intending to propose that in paragraph 2 it might be useful to add at the beginning some such phrase as the following: "In collaboration with any other international agency which may be concerned", and that a similar phrase might be added at the beginning of sub-paragraph 5.

THE CHAIRMAN: Will the Delegate of the United Kingdom repeat that suggestion? I missed some of the phrasing.

Mr HOLMES (United Kingdom): At the beginning of paragraph 2, and the same would apply to sub-paragraph 5 of this Article when we come to it, that the following words might be added: "In collaboration with any other international agency which may be concerned". Perhaps for the word

"international" I might, in conformity with what I think has been decided before in the same connection, substitute the word "inter-governmental".

THE CHAIRMAN: The proposal is to insert after the word "provide" in the first line --

Mr HOLMES (United Kingdom): Or before it, perhaps.

THE CHAIRMAN: -- the words "In collaboration with any other inter-governmental agency which may be concerned" - then a comma - "to provide technical" and so forth.

Mr HOLMES (United Kingdom): Yes.

THE CHAIRMAN: Is there any comment?

Mr QURESHLI (India): Mr. Chairman, I would like to know exactly how this amendment which has been proposed by the Delegate of the United Kingdom will really operate, and what it will mean. To me paragraph 2 seems very clear, namely that it should be one of the functions of this organisation to provide technical assistance and render other help to economically backward countries, and it was perhaps with that suggestion that this has been incorporated; but if we add the words "In collaboration with other inter-governmental agencies", supposing there are no other inter-governmental agencies which could be called upon to render such help, what would happen? I personally would prefer that paragraph 2 be retained as it is, because its meaning is clear to me, but if in certain circumstances it is necessary to get the help of any other inter-governmental organisation I do not think it would debar us from any of the general provisions as have been set out in the Charter. It must be one of the aims of an inter-governmental agency to provide such help, otherwise by adding those words here they cannot be called upon to render that assistance. I think it was the main function of the I.T.O. to render such assistance. I would like to know the meaning of the words which have been introduced by the Delegate of the United Kingdom. Perhaps I have not grasped them fully.

THE CHAIRMAN: It is not for me to explain what the Delegate of the United Kingdom has in mind, but it does occur to me that the difficulty you speak of arising in the matter of drafting may be involved. You seem to feel that if the phrase which the Delegate of the United Kingdom suggests is added, it would be interpreted as meaning that the International Trade Organisation should not undertake to provide such assistance unless it is done in collaboration with other agencies. I would assume that the idea would be that wherever it is feasible and practicable, and wherever the situation warrants, it should be done in collaboration with other agencies, but it is not intended to mean that the International Trade Organisation should never undertake to provide such assistance by itself. I do not know whether the Chair has elucidated or merely confused the matter, but anyhow I throw that in free of charge.

Mr HOLMES (United Kingdom): I entirely agree with what you have said, Mr. Chairman. Our proposed addition, I can assure the Delegate from India, was really intended to be helpful. It certainly was not intended to act as a brake in any way on the functioning of the International Trade Organisation. It was intended rather to prevent the possibility of overlapping, or, if there were overlapping functions in some way or other, to prevent the possibility of confusion. The sort of case we had in mind was that supposing some question had arisen in the course of the International Trade Organisation's work about double taxation, we ought to be careful to see that all the opinions expressed by the International Trade Organisation were in harmony or reconciled with opinions which might be expressed by the Fiscal Commission of the Economic and Social Council which, I believe, has that subject allotted to it. As regards the exact wording of some phrase of the sort which I have suggested, we are entirely in the hands of the Committee, or of any Drafting Committee, but I just wanted to say that while I quite agree with what you said, Mr. Chairman, we certainly wish the amendment not to be limiting in any way but helpful, and designed primarily to avoid confusion or overlapping.

Mr KELLOGG (U.S.A.): I would like to suggest that since many of the functions

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through which the I.T.O. might overlap other agencies will be performed by the United Nations itself, Mr. Holmes' proposed words be changed to read: "In collaboration with the United Nations and with any other inter-governmental agency which might be concerned".

THE CHAIRMAN: That is an amendment to this proposal, but it does not appear to the Chair how that takes care of the suggestion of the Delegate of India.

Mr GURESHLI (India): I think that suggestion meets us better. I prefer the United States' proposed amendment.

THE CHAIRMAN: If it is satisfactory to the Delegate of India, it is certainly satisfactory to the Chair.

Mr BAUCE TURNER (Secretary): If I might revert to the point raised previously by the Delegate for Belgium and replied to by the Delegate of the United States regarding the responsibility for collecting information concerning employment policy, I have just secured a copy of the draft Report of Committee I, which is still subject to some minor alterations, but it does say quite clearly, if I may quote, that "The functions which the Economic and Social Council should either perform itself or sponsor through arrangements with appropriate international specialised agencies cover (1) the regular collection, analysis and exchange of relevant information, (2) the organisation and consultation with a view to concerted national and international action in the field of employment". I just draw the Committee's attention to that reference in the Report because I think it makes the position clear.

Mr DAO (China): I want to raise a point of drafting in connection with the points raised by the Delegate for the United Kingdom. If you refer to paragraph 6 of article 50 reference is made to co-operation with the United Nations and with other specialised international organisations, and so forth. I think that point is covered by paragraph 6 of this Article. Furthermore, if we refer back to article 71 with regard to relations with other organisations, the points will be found to have been covered by both references in the Charter. Is it necessary to provide any specific reference in the separate paragraphs, such as in paragraph 2

and paragraph 5? As a matter of fact, I feel that if we were to make any specific reference in a particular paragraph we might miss some reference which we would like to see; for instance, "to collect information relating to international trade" and so forth. In this field probably the ideal would be to have co-operation with other bodies. Therefore, I think the point is covered in paragraph 6 and in Article 71. It is a matter of drafting.

Mr MOLES (United Kingdom): I would entirely agree that it is a matter of drafting. Perhaps just the warning note might be sounded in paragraphs 2 and 5 by some reference there to paragraph 6 of the same Article and to Article 71, as the Delegate of China suggests; but as the references to which he has referred appear later, after the two paragraphs to which I have been referring, it might <sup>be</sup> well to say that with regard to paragraph 6 which follows, and to Article 71. It is not a point to which I would wish to attach very great importance or on which I wish to delay the proceedings of the Committee very long.

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I think that perhaps some instruction might be given to our own Drafting Committee to look at this and to see whether some reference of the sort at any rate might not be helpful.

THE CHAIRMAN: The delegate of South Africa.

MR. NAUDE (South Africa): It is hardly worth while saying what I had in mind in view of what Mr. Helmos has just said about the Drafting Committee.

THE CHAIRMAN: The delegate of Canada.

MR. LE PAN (Canada): I would like to ask a question about the general bearing and meaning of this part of the Article, and I think this is really a question for the U.S. delegate. It is laid down in the second part of the Article that one of the functions of the Organisation is to provide technical assistance and advice to members - at least, that is a part of this section of the Article. Now is it intended that the I.T.O. itself should employ a large staff, capable of providing the technical advice that would be required, or is it simply envisaged that the I.T.O. would act as a clearing house which would be able to put members needing such advice and technical assistance in contact with experts and that technical organisation in other countries? It seems to me, and to the Canadian delegation, that we ought to be fairly clear about this, because if, in fact, the I.T.O. is to employ a large staff itself, there may be a considerable financial burden on the organisation. It is arguable that the I.T.O. would be well-advised to incur that financial burden, but at least we ought to be perfectly clear as to the sort of commitments into which we may be entering.

THE CHAIRMAN: The delegate of the United States.

MR. KEILLOGG (United States): The issue raised by the Canadian delegate is still under discussion in a joint committee, Committees 1 and 2. Among the problems which they must settle is the problem of just how much of these functions should be left to the Economic Development Sub-Commission of the Economic and Social Council, and to the Bank

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and to other organisations. That matter is definitely not settled at this time. The reason for the wording of this Article is that we want to make it possible for the I.T.O., in case it should find it desirable and necessary in view of the possible failure of other organisations to carry out their duties in this field, to assume such functions as may become necessary in the future. There was not any decision made, either in the U.S. or, I believe, so far in the Joint Committee, as to precisely what functions in this respect I.T.O. should carry out. That we shall soon find out about, I take it.

THE CHAIRMAN: The Chairman would like to add that, if you look at Article 16, to take one illustration - I am thinking of paragraph 1, not paragraph 2 of Article 50 so perhaps what I was about to say would not be pertinent. I understood the delegate from Canada, however, to have some question as to the amount of burden to be assumed by the I.T.O. with reference to the collection of information and statistics, and so on, but perhaps I misunderstood him?

MR. LE PAN (Canada): No, Mr. Chairman, I was referring to paragraph 2 which deals with the production of technical assistance.

THE CHAIRMAN: That is quite another matter, and therefore I am rather out of order. Is there further discussion on paragraph 2?

MR. LE PAN (Canada): As a supplementary question, as they say in Parliamentary usage, may I enquire of the U.S. delegate further if it is the intention of the drafters of the Charter, should it be decided that the I.T.O. should have a large staff which would be able to provide this technical advice and assistance, that the advice and assistance should be paid for by the member governments requiring the advice and technical assistance?

MR. KELLOGG (United States): I do not think the answer to that question has yet been determined. I think any remarks which the

Canadian delegate might wish to make on that subject would be of value, and could be put into the record. However, I am perfectly sure that so far no decision has yet been taken on that matter.

THE CHAIRMAN: I would like to warn the members of the Committee, (including the Chairman) to speak a little more slowly. We are speaking a little rapidly for our interpreters. Is there further comment on paragraph 2?

MR. LE PAN (Canada): I think, Mr. Chairman, probably all that there remains for me to say on this general point is that I am well aware that this whole problem has to be considered a great deal further, and I would simply like to enter a caveat now, at this preliminary stage, that certainly the wording of this second paragraph of Article 50 should, at some stage, be put into such shape that it is perfectly clear what is intended, and as to which of those alternatives have been chosen by the members who are represented here.

THE CHAIRMAN: The delegate of South Africa.

MR. NAUDE (South Africa): With reference to "other international organizations" mentioned in the draft as it stands now, is that intended to include both governmental and non-governmental organizations?

THE CHAIRMAN: The delegate of the United States.

MR. KELLOGG (United States): The delegate of South Africa has asked a very difficult question. I think what was in mind there was to cover both the U.N. and specialist agencies, and possibly, non-governmental organisations. I suspect, however, that sufficient attention was not given to the problem at the time and I would be glad to hear a suggestion on the subject.

MR. NAUDE (South Africa): I have no suggestions at all, Mr. Chairman. I was trying to envisage how a non-governmental organisation would receive advice from I.T.O. on a specific industrial project.

I am not suggesting that it should be written into governmental international organizations, but it has been suggested that a drafting committee would be going over these things, so I will not pursue the point.

THE CHAIRMAN: It seems to me that the drafting committee would wish to consider it, and it would be a debatable question whether the wording of paragraph 2 should be such that if a non-governmental international organisation really should ask and welcome the technical assistance or advice of the I.T.C., the I.T.O. should be free to give it. That is a question which should perhaps receive some consideration. Should this be drafted in such a way as to preclude that, or should it be boldly enough drafted so that that would be possible? I do not know whether this is a matter for a sub-committee to consider further, or whether it could be settled in a preliminary way here. Perhaps a sub-committee should consider the matter further and decide whether the door should be left open wide or whether it should be closed so far as non-governmental international organisations are concerned.

If there is no further discussion on the point, I suggest that a sub-committee could give further consideration to it.

Paragraph 3. That is a rather long paragraph, with sub-paragraphs, and I shall not attempt to hurry the Committee in deciding whether it wishes to bring up something. Perhaps we might best proceed by taking it sub-paragraph by sub-paragraph.

MR. NAUDE (South Africa): Before you do that, Mr. Chairman, I think it is a bad thing, in drafting international instruments, to specify by using the word "including". It is a dangerous thing and it seems to me that those first three lines should be adequate. May I ask why it was thought necessary to specify a.b.c. and d? Is it that they are far more important than other things on which the I.T.O. may consult and make recommendations on? Why was it necessary to specify them?

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THE CHAIRMAN: The delegate of the United States.

MR. KELLOGG (United States): In reply to the question of the delegate for S. Africa, I believe the reason for spelling out the sub-paragraphs here was the desire to make it perfectly clear that the organization had four powers to cover anything which might arise in these four major categories of activity. It is quite possible that we might get that idea across equally effectively by other language. It was put in, I think, from the desire to be abundantly cautious and to make it quite clear that the Organization had all the necessary powers.

THE CHAIRMAN: Assuming, for purposes of further consideration, of this paragraph, that the sub-paragraphs should be retained - that is, sub-paragraphs that specify certain types of recommendations and reports which the organization would be authorized to deal with, what comments, if any, are there on those specific points of enumeration? Is there any comment on sub-paragraph(a)? The delegate of Canada.

MR. LE PAN (Canada): Under sub-paragraph(a) it seems to us that it might be useful, and an improvement, if the words "or of the members" were included after the words "of the responsibilities of the Organization"; in other words, that it would be a function of the Organization to make recommendations or determinations relating to the discharge of the responsibilities of the Organization or of the members of the Organization.

MR. KELLOGG (United States): I support the suggestion of the delegate of Canada.

THE CHAIRMAN: Are there further comments on sub-paragraph (a)? On sub-paragraph (b)? On Sub-paragraph (c)?

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- MR. LEENDERTZ (Netherlands): In sub-paragraph (c) I see that the last words are "in the general interest", and without wanting to say that the recommendations should not take into account the general interest, I wonder if it is important to include these words, because the recommendations, if they are based on the commodity principles, will always be in the general interest. I am afraid that perhaps another criterion will be introduced here. I do not attach particular interest to this remark, but I wonder whether "on the commodity principles" would not be sufficient.

THE CHAIRMAN: Is there any comment on that suggestion?

MR. NAUDE (South Africa): There seems to be something to be said for leaving it as it is. There was no doubt a good reason for its going in, and there may be considerations of general interest which do not fall within the commodity principles.

THE CHAIRMAN: The point is one which, it seems to me, could well be given further consideration by the Sub-Committee. If there is no further comment on it, we will pass on to sub-paragraph (d).

MR. QURESHI (India): With regard to this sub-paragraph, I would only say that the question as to its particular position in this Article might be considered by the Interim Drafting Committee in the light of the discussions that have taken place at these meetings. We from India feel that economic and industrial development must play a very big part in the general purposes of this Organisation, and therefore it is for consideration whether this particular sub-paragraph should not come a little earlier. We have taken the attitude that we look upon industrial and economic development as the principal means of raising the standards of living and increasing the purchasing power in the undeveloped countries, and we feel that industrial and economic development generally will play a very important part in the general expansion of world trade and employment. I believe also that in countries like India the Charter, as finally drafted, will possibly receive readier acceptance if it is brought out prominently in its

Articles that one of the main purposes of this Organisation will be the encouragement and development of industries and economic expansion.

THE CHAIRMAN: With reference to the suggestion made by the Delegate of India, the Chair would like to make this comment, subject to correction: it is my understanding that, as a result of the work of the other Committees, particularly the Committee on Industrial Development, provision would probably be made elsewhere in the Charter for a clear statement of this function. The idea would be featured at other points in the Charter, perhaps very prominently at one particular point if there is to be, for instance, a separate chapter on industrial development. That would, I suppose, be the place for it, but it would appear that with reference to Article 50, in paragraph 3, there is simply an attempt to summarise very briefly some of the types of recommendations or determinations which are to be among the functions of the Organisation. This would merely be a brief reiteration of a function which would be featured probably elsewhere in the Charter. I am not sure that I have spoken accurately, but that is my impression.

If anyone has a different idea, please make a point of it.

(Interpretation)

MR. HOUBMAN (Belgium): I second your remark, and I feel that one should say to the Delegate of India that the Conference has perfectly understood the importance of encouragement and aid for undeveloped countries, since the first Article of the Charter, paragraph 3, considers that this help to undeveloped countries is one of the principal duties of the Organisation. Article 1, paragraph 3, says that the aims of the Organisation will be to help and aid the industrial and general economic development of member countries, particularly of those still in the early stages of industrial development. I suppose, then, that the Delegate of India will be satisfied if sub-paragraph (d) only summarises the recommendations which have to be addressed by the Organisation on the subject of the different aims.

MR. QURESHI (India): I have no desire to take up the time of the Committee on this, but I feel that I should make it clear that we do attach a certain amount of importance to this, because of the general background or history

of this particular meeting. In the original proposals made by the United States and the United Kingdom, this question of economic development and industrial development was not included at all. It has been included in the Draft Charter possibly as a result of reconsideration in the light of the arguments put forward by certain countries. I do not want it to be thought that this particular question is just an after-thought which has found a place in the Charter at the last moment. It has therefore a certain amount of importance with regard to the emphasis that is to be laid on this particular function of the I.T.O.

THE CHAIRMAN: Of course, if it would help the Delegate of India any, sub-paragraph (d) might be sub-paragraph (a). That would just be a matter of changing the order.

MR. KELLOGG (United States): Assuming that it is decided at this Conference to put a new chapter into the Charter covering industrialisation, I would suggest that the order of these sub-paragraphs be made to follow the order of the chapters, whatever that may be.

THE CHAIRMAN: If there is no further discussion on sub-paragraph (d), I will ask for comments on paragraph 4.

MR. HOLMES (United Kingdom): It occurs to me that perhaps paragraph 4 may require a cross-reference in some way to paragraph 2 of Article 76. We shall be coming to certain amendments to that paragraph on the report of the Subcommittee, which will be ready shortly, and it is true that that paragraph 2 of Article 76 is rather more specifically addressed to a particular type of difference or question than paragraph 4 of Article 50 which we are discussing at the moment. Paragraph 2 of Article 76 is prefaced by a limitation on the interpretation of the Charter, but of course a dispute about the interpretation of the Charter is one which grows out of the provisions of the Charter and we should, I think, remind the reader or the Organisation, in attempting to apply this very long and complicated document, that some specific directions about certain disputes are given in paragraph 2 of Article 76.

THE CHAIRMAN: Any further comments on paragraph 4?

MR. LEPAN (Canada): Here is a general suggestion which I put forward very tentatively: I wonder whether it might be wise to set out somewhere in the Charter - it might be here - that the ITO might make a provision for arbitral machinery, and might even set up a panel of well-qualified arbitrators?

THE CHAIRMAN: The Delegate of Canada has made a very interesting suggestion. Is there any discussion on it? I missed some of the context of the Delegate's remarks; was he proposing that the matter simply be made a matter of record, or did he actually propose that some consideration be given to a drafting change?

MR. LEPAN (Canada): I confess that my suggestion is not sufficiently clear for me to move an amendment or to suggest any change in the drafting. I would be grateful if we could have an expression of views on this point from the Delegate of the United States, as representing the drafters of the Charter.

THE CHAIRMAN: I have been looking hopefully towards the Delegate of the United States, but he has not volunteered, so I will call upon him.

MR. KELLOGG (US): I think that when this Committee comes to the consideration of article 76, as it has been altered by the Sub-Committee, we should take up this matter, which I think is a very desirable suggestion.

THE CHAIRMAN: Again, I should like to warn members of the Committee, and particularly my own countrymen, to speak a little more slowly. We are getting distress signals here.

MR. KELLOGG (US): With regard to the suggestion of the Delegate of Canada concerning the possibility of setting up arbitral procedures, I would suggest that that is a very interesting suggestion, and that we should consider it at the time that this Committee considers the report of the Sub-Committee which worked on article 76.

MR. NAUDE (Union of South Africa): In the Fund and the Bank Agreement, provision is also made for an arbitral board. This might help us to clear our minds on the matter.

THE CHAIRMAN: If there are no further comments on paragraph 4, we will pass to paragraph 5.

MR. HOLMES (UK): I have already made my comment on paragraph 5.

THE CHAIRMAN: After a considerable period of deliberate silence, I am assuming once more that silence gives consent. We will pass to paragraph 6.

MR. KELLOGG (US): Possibly a word of explanation is called for as to paragraph 6. At the time that the United Nations entered into a contract of relationship with the Food and Agriculture Organisation, the question was raised as to the relationship between the FAO and the Security Council. It was felt desirable that the FAO should cooperate with the Security Council, but at the same time it was felt that there might be some question as to whether the FAO had constitutional power to do so. Hence, we wanted to be perfectly sure, in drafting this Charter, that there might be no question of the authority and power of ITO to cooperate with the Security Council, if the need should arise.

THE CHAIRMAN: Are there any further comments on paragraph 6?

MR. QURESHI (India): I have a drafting suggestion to make. I do not know whether the United Nations is a specialised international organisation, because this paragraph makes it out to be one.

MR. KELLOGG (USA): I think the point made by the Delegate of India is a very good one, and that we should conform our language to what we have in article 71.

THE SECRETARY (Mr. Turner): I take it that it is the idea of the Delegate of India that the word "other" be deleted.

THE CHAIRMAN: If there are no comments, we will pass to paragraph 7.

MR. FRESQUET (Cuba): I think the same drafting question arises here in the reference to members of international organisations. I think the word "other" has to be deleted here, too.

MR. KELLOGG (USA): I think that maybe I should make our position a little more clear. As to paragraph 6, I would not want to take out the word "other", because "other" refers to the organisations other than the ITO. Similarly, in paragraph 7, "other" refers to organisations other than ITO.

MR. FRESQUET (Cuba): I raised the point because of what I thought it was decided to do in paragraph 6.

MR. KELLOGG (USA): As to paragraph 6, I agree with the Delegate of India that we should probably change the words "specialised international organisations" to read "other inter-governmental organisations" in order to conform with the language used elsewhere.

THE CHAIRMAN: I do not want to prolong this drafting discussion, except to say that I understood the point of the Delegate of India to be rather on the question as to the English there, and what is the meaning when we refer to "other specialised international organisations" and use the word "other" when we have just mentioned the United Nations, thus implying that the United Nations is one specialised organisation, and that then there are some others. It is a mere matter of English

which we ought not to waste time over. I think the point of the Delegate of India is well taken and ought to be included.

MR. MALIK (India): I accept the suggestion of the Delegate of the United States.

THE CHAIRMAN: I notice that the Delegates of Australia and New Zealand have just entered the Committee. I will say to them that we have just completed discussion of Article 50. There have been various comments on various of its provisions. I think that before we leave that Article, we should afford the Delegates from these two countries an opportunity to bring up any points they may have had in mind on this part of the Charter, so that our record may be complete in regard to this part of it.

MR. BURY (Australia): The Australian Delegation has only quite minor points to raise in relation to paragraph 3, that in the recommendations or determinations relating to the discharge of functions under the various chapters, there should be some additional reference there in relation to employment and industrial development. That is the only point we wish to make in regard to the functions.

MR. LAURENCE (New Zealand): As far as this Article is concerned, we have nothing specific to bring forward, but we held a tentative view of the final form it should take until the outcome of the proceedings was known. Our feeling is similar to that of the Delegate of Australia, that if as a result of the discussions here some change in specification is called for, we take it that the new specification will follow as a normal consequence of these proceedings.

THE CHAIRMAN: Are there any further comments on Article 50?

MR. HOLMES (UK): I wonder whether I might have your permission, Mr. Chairman, to raise a rather more general point on paragraph 5 of Article 50? I shall, of course, immediately bow to your decision if that is out of order at this late date. The point is this. Paragraph 5 of Article 50 suggests that there will be, or there ought to be, various international agreements dealing with rather specialised subjects,

no doubt cumulatively, at any rate, of considerable importance to the objects for which the International Trade Organisation is to be brought into being, but there is, of course, as it stands, no sort of provision or even recommendations that the countries which are members of the Organisation should adopt those international agreements. I just wondered whether the Committee might feel that it would be useful to have some provision, or to give some encouragement to members, when they have had recommendations from the Organisation that there should be other international bodies called into existence, to join those international bodies. I think this point is one which might perhaps be called to the attention of the Drafting Committee which is to follow this session of the Preparatory Committee, and that in any such reference to them, one might perhaps quote to them Article 11 of Chapter V of the Agreement setting up the International Health Organisation. I do not wish to make too much of this point, but it might perhaps be convenient if I read out the Article of the Health Organisation, to which I was referring. It reads: "To adopt conventions or agreements .... The Health Assembly" (that is, the corresponding body in the Health Organisation to the Conference of the proposed International Trade Organisation) "shall have the authority to adopt conventions or agreements with respect to any matter within the competence of the Organisation. A two-thirds vote of the Assembly shall be required for the adoption of such conventions or agreements which shall come into force for each member, when accepted by it in accordance with its constitutional processes. Each member" - and this is the point - "undertakes that it will, within 18 months after the adoption by the Health Assembly of a convention or agreement, take action relative to the acceptance of such convention or agreement. Each member shall notify the Director-General of the action taken, and if it does not accept such

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convention or agreement within the time limit, they will furnish a statement of the reasons for non-acceptance."

I think that is the relevant passage of the Article, and will explain the point that I was attempting to make, but I think this is a matter which could be best dealt with if the Committee agreed that there should be some reminder to the Drafting Committee which will succeed this session of the Preparatory Committee of the existence of this Article under the Health Organisation's agreement.

Mr KELLOGG (U.S....): I would like to support the suggestion of the Delegate for the United Kingdom.

THE CHAIRMAN: If there is no further comment on Article 50 I shall continue with the suggestion that I was about to make when we reverted to this point with reference to paragraph 5 of Article 50; namely, that we pass on to Article 51, "Structure of the Organisation". That is a very short and broad sort of Article and we ought to be able to dispose of it very quickly. Is there any comment?

Mr BURY (Australia): The only point which seems to arise is whether it may become necessary to insert another Commission.

THE CHAIRMAN: It might be pertinent in that connection to ask the Chairman of the Joint Committee of Industrial Development if there is any likelihood that his Committee will recommend the setting up of a Commission for Industrial Development as a part of the International Trade Organisation.

Mr MALIK (India): I was going to raise the same point as the Australian Delegate. The position in the Joint Committee is that the proposal has definitely been submitted and there has been a counter-proposal. The whole question will be discussed and, I am sure, actively discussed during the course of this week. I think we shall reach a decision so far as the Joint Committee is concerned, possibly on Friday.

Mr MERINO (Chile) (Interpretation): Mr. Chairman, the Delegation of Chile made a proposal concerning the Commissions which must be set up in this organisation. The Chilean Delegate sent to the Secretariat these proposals, and I think they have been distributed and that the honourable Delegates have them among their papers. In agreement with the remarks formulated by the head of our Delegation at the first meeting and by many other Delegations to the effect that the International Trade Organisation must consider in an adequate manner and give its full importance to the problem of economic development and industrialisation and employment, the Delegation of Chile proposes to set up a fourth Commission which might be called the Commission for the Increase of Industrial Production and Employment. This would complete the organisation and would give satisfaction to the highest aspirations of those

countries whose economic development is still in its beginning. The functions of this new Commission should be determined once the Joint Committee has finished its tasks. The Delegation of Chile has also formulated a proposal before the Joint Committee to consider these matters and I have been told that in that Committee the idea has been entertained of including a chapter on these matters, considering the economic development and the industrialisation of non-industrialised countries, or those whose industrialisation is only beginning. I apologise, Mr. Chairman, and Delegates, for my French, and I would ask you whether it would be convenient that I should speak in Spanish if the Simultaneous Translation can handle it. May I ask you, Mr. Chairman?

THE CHAIRMAN: I am informed that that is all right. Please speak in Spanish.

Mr MERINO (speaking in Spanish: Interpretation): For Chile, as well as for the majority of the countries which are under-developed industrially, it is of fundamental importance that this Charter will face these problems in such a manner that we may, through the help of large and rich countries, develop our industries and be able to give a higher standard of living to our working men. Thus it is evident that the under-developed countries might, as time passes, be able to become wealthier, to have a higher standard of living and at the same time to be consumers of merchandise and products of countries which are highly developed. Thus we would achieve what we are trying to achieve in this conference - namely, to develop and increase world trade. It is on this account, as I have said, that the Chilean Delegation of the Committee presented a long statement submitting to this Committee the necessity for creating a chapter in this Charter which will deal with such necessary functions in order to obtain the industrial development and the rising standard of living of small countries. The Drafting Committee of the General Committee is working on this subject. It is on this account that I suggest that we await the definite result of the agreement reached at the Plenary Committee meeting in order to consider the introduction in the Charter of our organisation of Committee No. IV.

I want to thank the Chairman and the Delegates who have tolerated my Spanish.

THE CHAIRMAN: I thank the Delegate from Chile very much for his remarks.

Mr MALIK (India): I did not go into any details regarding the work on this particular question of the Joint Committee, but perhaps it might clear the situation if I did go into some detail. There are two questions. One is the writing in of provisions in the Charter itself dealing with the question of industrial and economic development. On that question I am in no position to attempt any kind of forecast of what the Committee will decide, but from the discussion which has so far taken place, one can only say that provisions would have to be written in. Whether they will take the form of a separate chapter or merely put into the body of the Charter itself still remains to be decided. The next question is with regard to the creation of an organisation, either a Commission or some other body, which will be charged with the responsibility of looking after this particular work. On that there are at present two ideas before the Committee. One is that a separate Commission dealing with industrial and economic development should be set up under the I.T.O. itself, and the other is that this work should be entrusted to the Economic Development Sub-Commission of the Economic and Social Council. That is a question which still remains to be discussed and on which the Committee will finally make some kind of a recommendation, I hope, on Friday. I fully support the proposal of the Delegate from Chile that we shall have to wait until some decision has been reached by the Joint Committee on the subject with regard to this article.

Mr LEPAIN (Canada): I would like to offer a more radical suggestion. There is not only the problem of what to do about a possible Commission on Industrialisation, but it may well be that in the fullness of time the organisation will find that it needs still other Commissions. After all, we hope that we are not creating an organisation only for a day but one that will last for a long time. If the circumstances change there may be a number of other Commissions required. As the Draft Charter stands at present in Article 61 provision has been made for three

Commissions, and room has also been left for the conference to establish other Commissions. In view of Article 61, in the full provision which it makes for Commissions and also for adding Commissions if new Commissions are needed, it seems to me that in Article 51 it might be possible to strike out all mention of the Commissions. Otherwise whatever Commissions are mentioned under article 51, if it proves in future that a new Commission is needed, an amendment to the charter will also be needed. On the other hand, if the only provision for the Commissions is Article 61, and the phrase that it includes about the possibility of adding new Commissions as circumstances may warrant, then no new amendment would be required. I would like to suggest for the consideration of the Committee that Article 51 should simply read: "The organisation shall have as its principal organs a conference, an executive board and a Secretariat", and then Article 61 will provide that the conference will set up a number of stated Commissions and will also provide for new Commissions to be added as occasion warrants.

Mr KELLOGG (U.S.A.): In reply to the suggestion of the Delegate of Canada, which I think is a very good one, I wonder if we could totally strike out Article 51.

Mr LEPIN (Canada): I agree with that, although I would not like the spirit of nihilism to go too far.

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THE CHAIRMAN: The delegate of Cuba.

MR. FRESQUET (Cuba): We support the first proposal made by the delegate of Canada, and we think that we cannot agree with the radical proposal made by the delegate of the United States because, with Article 51, we established those commissions as bodies of the Organization, and they are part of the structure of the Organization. If we deleted Article 51, those commissions might be considered in the future as no important part of the Organization, and perhaps subject to radical alteration, even abolished. So we should establish in this Article that those commissions would be a substantial part of the structure of the Organization.

THE CHAIRMAN: I believe the delegate of Australia asked for the floor a moment ago?

MR. BURY (Australia): I was merely going to support consideration of the suggestion made by the U.S. delegate.

THE CHAIRMAN: The delegate of India.

MR. MALIK (India): In support of what has been said, Mr. Chairman, may I suggest that it would possibly meet the difficulty foreseen by the delegate of Canada if we merely say here "that the Organization shall have as its principal organization a conference, an executive board....commissions set up under Article 61... and a secretariat"?

MR. LE PAN (Canada): It seems to me that that would meet the point very satisfactorily, Mr. Chairman.

THE CHAIRMAN: Is there any objection to that last suggestion? Then the Chair will say that he was about to make a gratuitous suggestion along the same lines. The delegate of India, however, very properly has "beat me to it". I take it that will be taken into the redrafting of this provision, then?

This discussion on Article 51 has already anticipated to some extent Article 61. While we are about it, we may as well pass upon that Article too. The delegate of Cuba.

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MR. FRESQUET (Cuba): Mr. Chairman, do I understand your statement to mean that we are not going to discuss Article 61 at all when the time comes?

THE CHAIRMAN: We have just been discussing Article 51, and I thought we had completed the discussion of it.

MR. FRESQUET (Cuba): No, Article 61, I was talking about.

THE SECRETARY (Mr. Turner): The reference was to Article 51.

MR. FRESQUET (Cuba): Thank you.

THE CHAIRMAN: The delegate of India.

MR. MALIK (India): I merely want to point out that if the names of these commissions are to be retained in Article 61, then we shall have to wait for a decision of the Joint Committee before we can finally decide on the terminology of this.

THE CHAIRMAN: Are there further comments on Article 61?

MR. FRESQUET (Cuba): I support the proposal made by the Indian delegate.

THE CHAIRMAN: I am turning now to the report of the Drafting Sub-Committee on Articles 76 and 78, paragraphs 3 and 4, and Article 62. I understand that both the English and the French texts of the report of that Sub-Committee have now been distributed, and I hope very much that we can dispose of the Report before we adjourn for lunch. I presume that the most expeditious manner of handling it would be for us to proceed at once to a seriatim consideration of the Articles and paragraphs taken up in the Report and, as we come to them, I will call from time to time on the Chairman of the Sub-Committee for any comments that he may wish to make - unless he has some preliminary comment that he wishes to make? Mr. Holmes.

MR. HOLMES (United Kingdom): I can confine my comments, I think, to a very few words. One is an apology that I should have had to abandon the Sub-Committee when it was only half way through, in order to attend a meeting of Committee III in this room

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yesterday afternoon, so that very little credit, I am afraid, is due to me. My other comment at this stage is that I think it will be found that there are two clerical errors, but we will come to those in due course.

THE SECRETARY (Mr. Turner): One error is rather more than a clerical error; it is really a serious mistake on the part of the secretariat, and I think I had better call attention to it now. In the very last paragraph of the report, on page 4, under Article 2 it says "that the recommendation of the Sub-Committee was that paragraph 1 of article 2 be approved without change". I regret to say that was not the recommendation of the Sub-Committee. The Sub-Committee recommended that the words in the latter part of paragraph 1 of Article 2, the second line on page 2 of the English version of the Charter - the words "which have agreed" should read "which agree". Therefore we should strike out the word "have" and make the word "agreed" read "agree", so that it will then read: "or in the event that this Charter has not entered into force by that date the countries which agree to bring this Charter into force", etc. Is that correct, Mr. Holmes?

MR. HOLMES (United Kingdom): I must admit that it was this last paragraph of this Report which was giving me some difficulty. That, I have no doubt, was approved at our last meeting when I was not present, but I have no doubt that the Secretary is right.

THE CHAIRMAN: The delegate of China.

MR. DAO (China): Article 76, paragraph 1, I believe has been amended at our former meeting, but it is not mentioned in the Report of the Sub-Committee.

THE SECRETARY (Mr. Turner): If I might answer that, the Sub-Committee did not take up paragraph 1 because it was my understanding anyhow that the full Committee formally agreed and accepted that amendment.

THE CHAIRMAN: To pass, then, to the consideration of the Report, Article by Article. Article 76. It is recommended that the title of this Article be amended to read "Interpretation and Settlement of Disputes". In the absence of comment, I assume that is approved. Paragraph 2. It is recommended that the words "if the Conference consents" in the twelfth line be deleted, and the following words substituted therefor: "in accordance with such procedures as the Conference shall establish". The Sub-Committee points out that in recommending the acceptance of this amendment, the Sub-Committee was of the opinion that by way of illustrating the type of provision that might appropriately be incorporated in the procedures to be established by the Conference, reference should be made in the Report of the Committee to the proposal that any justiciable issue arising out of any ruling of the Conference (other than specifically excepted in Article 76) may be submitted by any party to the dispute to the International Court of Justice if the Conference so consents by a vote of one-third (or such other proportion as may be agreed) of its members present and voting. The Sub-Committee was of the opinion also that the instructions to be given to the Interim Drafting Committee should point out the dilemma with which the Committee has been confronted in seeking to give effect, on the one hand to the principle of unrestricted access to the International Court in any case where an aggrieved party may consider it has good and sufficient reasons for lodging an appeal whilst seeking to ensure, on the other hand, that the prestige of the Organization and the authority of the Conference is upheld, by safeguarding the right of appeal against possible abuse in the case of trivial or vexatious issues.

Are there any comments upon this recommended change in paragraph 2?

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MR. HOLMES (United Kingdom): I think it is proposed at this point, is it not, that we should resume the discussion that started at an earlier stage of this meeting of some reconciliation or cross-reference between this paragraph of Article 76 and another Article which dealt with disputes - paragraph 4 of Article 50. On that, you will recall that the representative of Canada had a proposition to make, which seemed to find favour, directed, if I remember aright, to the possibility that we had not perhaps covered sufficiently all disputes in view of the fact that paragraph 2 of Article 76 is, on the face of it, rather narrowly limited to questions or differences which may arise concerning the interpretation of the Charter.

THE CHAIRMAN: Any other comments?

MR. LEPAN (Canada): I entirely agree with the remarks made by the Delegate of the United Kingdom. There apparently is to be a change in the title of this Article which would broaden its scope enormously, and yet the Article under the changed title would still remain much as it was, that is, it would deal with the settlement of justiciable disputes. Now it seems to the Canadian Delegation that there will be a number of disputes which will not be of a strictly legal nature, which will not turn on legal points, and which will not be justiciable. I am very anxious to hear the views of the authors of the Charter as to how those disputes, of a commercial kind, should be settled, and also how much of the procedure used to settle them should be spelt out in the Charter.

MR. KELLOGG (United States): On this question I would very much appreciate the view of the other members of the Committee.

THE CHAIRMAN: I had overlooked that the Delegate of the Netherlands had previously asked to speak. Sorry.

MR. LEENDERTZ (Netherlands): In making this remark I apologise for holding up the work of the Committee. It is due unfortunately to the fact that I was not present last Saturday. On Saturday last I had wanted to point out another possibility of settling disputes, and I would like to know whether the Committee approves of that system. The League of Nations used to have a system of having appointed by all Members of the League of Nations certain economic experts, from whom parties to a dispute were allowed to choose their judge for arbitration. If members think that reference to the International Court will involve very long procedure, they might decide to accept the possibility of arbitration. I would like to suggest that in the footnote to Article 62, paragraph 2, the possibility of this system should be pointed out for consideration by the full Committee.

MR. MALIK (India): I would like to support the proposal of the Delegate of Canada. With regard to the question as to the extent to which pro-

vision should be made in the Charter itself, whether we should go into details or merely give power to the Organisation to set up machinery. I do not know what the general feeling is but personally, on behalf of the Indian Delegation, we feel that it would be best to leave the details of the mechanism to the ITO itself, and just give them authority. I would suggest that the proper place possibly to incorporate that would be in paragraph 4 of Article 50, where it says "to consult with members regarding disputes growing out of the provisions of this Charter and provide a mechanism for the settlement of such disputes." We might add, specifically, "to provide a mechanism including the setting-up of arbitration machinery", or whatever wording is approved.

THE CHAIRMAN: Any further comments?

MR. BURY (Australia): It seems to the Australian Delegation that the provisions of Article 50 paragraph 4 are sufficiently wide to cover the future problem, and most matters which are likely to arise will be matters to be settled by the Organisation, the Executive Board, or the Conference. As for other disputes, it is almost impossible to forecast their exact nature at this stage, and the question is whether there is anything we can do here which the Organisation would not be empowered to do under Article 50 paragraph 4, which seems to us wide enough to cover whatever may arise.

MR. LEPAN (Canada): I do not want to press this point unduly, but it seems to me that it is useful for us to get in our minds as clearly as possible exactly how disputes might be settled. In the interests of precision and completeness, I would rather be inclined to suggest wording of the sort suggested by the Delegate of India.

MR. DAO (China): I adhere to the views expressed by the Delegate of India, to make a reference under Article 50 to the machinery for arbitration.

MR. LEENDERTZ (Netherlands): I think the suggestion of the Delegate of India entirely meets the point I raised, and I think it is better to include the possibility of arbitration in Article 50 paragraph 4 than in Article 76.

THE CHAIRMAN: If there are no further comments on paragraph 2, the Secretary wishes to make a comment.

THE SECRETARY (Mr. Turner): Before the Committee passes from paragraph 2, I must confess that I am a little confused as to precisely what is intended to be shown on the record. Am I correct in assuming that it is the desire of this Committee to leave Article 76 as it is, and is it the definite understanding of the Committee that it should have the more limited application that it has at present? The point has been made, and I think a lot of the discussion that has previously taken place has proceeded on the assumption, that Article 76 applies to disputes other than those arising strictly out of questions of interpretation. Am I correct in assuming that the Committee's intention is that the narrower application should prevail and not the wider interpretation? Because if it is the intention to give this wider application, some additional small drafting amendment would clearly be required. I just want to know precisely what the record should show on this point.

MR. MALIK (India): Is not the wider application covered by Article 50 paragraph 4?

THE CHAIRMAN: It covers all disputes arising out of that.

MR. HOLMES (United Kingdom): One thing we might add with value would be, at the end of paragraph 4 of Article 50, "other than disputes covered by Article 76." That would at any rate clarify the text.

MR. LEENDERTZ (Netherlands): There is one small objection to the United Kingdom Delegate's proposal. His suggestion would prevent members from using the method of arbitration in the cases covered by Article 76, and may be there is a case for opening the possibility of arbitration even in those cases.

MR. HOLMES (United Kingdom): My point there is that a mechanism for the settlement of disputes of the nature intended to be dealt with by Article 76 is really provided by that Article. I do not wish to limit the first part of paragraph 4; I wished my words merely to apply to the provision for a mechanism for the settlement of such disputes, but I think it is perhaps a matter largely of drafting, and of course it does not touch on the more substantial point made by certain Delegates just now, that the Drafting Committee, after this session,

might be asked to consider some more specific mechanism for arbitration of non-interpretative and non-justiciable disputes.

MR. MALIK (India): It seems to me that if the Committee decides to adopt the recommendations of the Sub-Committee in regard to Article 76, and in addition puts in a provision which has been suggested to Article 50 paragraph 4, it will be quite satisfactory because Article 76 will give the option to any aggrieved party who wishes to go to the International Court of Justice. It is not mandatory; it gives the aggrieved party the option and both procedures, under Article 76 and under Article 50 (4), will be open to him on these particular issues. I do not think there is any conflict there.

THE CHAIRMAN: We have got into a rather involved matter, but the discussion will be part of the record and can be consulted by the Interim Drafting Committee. I do not know whether it is profitable to pursue the discussion on it any further. I am hopeful that we can get through the Sub-Committee's report before lunch, and unless members wish to pursue this phase of their discussion further, I would like to pass on to the next paragraph, if the change recommended by the Sub-Committee in the language of paragraph 2 is approved. Is there any further discussion on that?

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MR. NAUDE (Union of South Africa): I wanted to put another idea into the record for the Drafting Committee to look at. If Article 76 deals with the settlement of disputes, would it not be more appropriate to include under Article 76 all provisions relating to the settlement of disputes. It is a question of whether paragraph 4, if it is to be retained, should not be transferred to Article 76.

THE CHAIRMAN: That is a matter which could be considered further by the Interim Drafting Committee.

THE SECRETARY (Mr. Turner): It occurred to me that I think it is understood that a Sub-Committee will look over Article 50, and perhaps the point raised by the South African Delegate could be considered by that Sub-Committee with reference to Paragraph 4 of Article 50.

THE CHAIRMAN: Shall we pass, then, to paragraph 3?

MR. HOLMES (UK): I think this paragraph contains the other slight error to which I referred. Article 76 of the Charter of the United Nations deals with a very interesting subject, Trusteeship, but it is Article 96 that we were applying our minds to.

THE SECRETARY (Mr. Turner): That is a typographical error.

THE CHAIRMAN: The recommendation of the Sub-Committee is that paragraph 3 be amended to read as follows: "The Organisation may, in accordance with paragraph 2 of Article 96 of the Charter of the United Nations, request from the International Court of Justice advisory opinions on legal questions arising within the scope of its activities." The point was raised as to whether the action of the Organisation in requesting advisory opinions in accordance with this paragraph might not place the Court in a position of some difficulty in the event of a question on which an advisory opinion is sought subsequently becoming the subject of an action before the Court. It was accordingly agreed to recommend that this point be referred to the Registrar of the Court in order that his views may be made available

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for the information and guidance of the interim Drafting Committee. Is there any discussion of this recommendation? In the absence of comments, I take it that the recommendation is approved.

We pass to paragraph 4. The Sub-Committee recommends that this paragraph be deleted. The thought behind the Sub-Committee's recommendation to delete the paragraph was that provision could appropriately be made in the regulations to be approved by the Conference under Article 68, paragraph 1, for the Director General or his representative to appear before the Court on behalf of the Organisation, in accordance with Article 34, paragraph 2, of the Statute of the Court. Is there any comment on this? Apparently, this recommendation is approved.

In regard to Article 78, paragraph 3, it is recommended that the words "which have already deposited their acceptances" in the last sentence be deleted and the following words substituted therefor: "represented at the United Nations Conference on Trade and Employment", and that the following new sentence be added to paragraph 3: "any instrument of acceptance deposited with the Secretary-General of the United Nations shall be taken as covering both procedures for bringing this Charter into force, unless it expressly provides to the contrary or is withdrawn."

The Committee will note that the above amendments to paragraph 3 are proposed pursuant to the note submitted by the Netherlands Delegation in Document C.V/17. Although the substance of the Netherlands proposal was considered and accepted in principle by the Sub-Committee, it was agreed that the preparation of a suitable draft for submission to the full Committee should be left to the Netherlands and United States Delegates, in consultation with the Secretariat. The Sub-Committee further agreed to recommend .... I will stop at that point to get consideration of the textual change that I have just referred to. Is there any discussion?

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MR. LEENDERTZ (Netherlands): I want to explain that I agree with the new wording of the Article as given in this document. I think it covers the points I mentioned.

THE CHAIRMAN: I take it that the change is agreed to. Continuing the comment on paragraph 3, the Sub-Committee says that it further agreed to recommend, in connection with paragraph 3 of Article 78, that the suggestion of the United Kingdom Delegate that an alternative method of bringing the Charter into force would be to provide for its taking effect when a certain proportion of the world's trade was covered by the countries which were prepared to accept its provisions, should be noted in the Committee's report for possible consideration by the interim Drafting Committee.

MR. HOLMES (UK): Might I crave the indulgence of the Committee and suggest that although I am nominally, at least, the Chairman of the Sub-Committee, the word "possible" be omitted in the last line but one?

THE CHAIRMAN: We pass now to paragraph 4. The Sub-Committee recommends, first, that this paragraph be amended in accordance with the redraft suggested by the United Kingdom Delegation in Document C.V/24, and second, that the consequential amendment of paragraph 1 of Article 79 be also approved. The Sub-Committee notes that it agreed to a proposal that the report of Committee V contain a recommendation to the effect that members having international responsibility for non-self-governing territories should furnish a list of such territories in respect of which they accept the provisions of the Charter, and that such lists should be incorporated in an annex thereto. Is there any discussion of that point? In the absence of comment, I take it that the recommended changes in paragraph 4 are approved.

We come now to Article 2. The Sub-Committee considered Article 2 in connection with the point raised by the Netherlands Delegation

regarding entry into force, and agreed to recommend to the Committee that the words "which have agreed" in the next to the last line of paragraph 1, be changed to read "which agree". Is there any discussion?

MR. NAUDE (Union of South Africa): I want to go back to the previous note at the middle of the page referring to non-self-governing territories.

THE CHAIRMAN: Could we conclude this matter, and then return to that?

MR. LEENDERTZ (Netherlands): I have a very small drafting point I would like to make on article 78.

THE CHAIRMAN: Now that we have started on article 2, may we finish with it? Is there any discussion of article 2? If not, I take it that the suggested change is approved. We will now return to consideration of paragraphs we have already approved.

MR. NAUDE (Union of South Africa): The reason I spoke earlier was that I was trying to figure out precisely the meaning of the note. It is still not clear in my mind and I gather that it is related to the United Kingdom Delegation's Document C.V./24. I merely wanted to place on record that there may be some dispute at some future stage as to what territories are non-self-governing territories, or are part of the metropolitan territory of a member. In that case, the South African Delegation will have to take up a position in accordance with whether such a dispute arises or not.

MR. LEENDERTZ (Netherlands): The point I want to make is that in article 78, paragraph 3, it says that when the number of acceptances equals 20, the Charter will enter into force. I wonder whether it should not say "20 or more", because if on a certain date acceptances numbers 21, 22 and 23 come in on the same day, there may not be a date when the number equals 20.

THE CHAIRMAN: The record will contain your suggestion, and the Drafting Committee can take it into account.

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MR. LEENDERTZ (Netherlands): As to paragraph 4, I would like to point out that the Netherlands overseas territories, as you may know, are in a state of reconstruction and revision, so that with respect to the paragraph, I would like to reserve the right to my Delegation to come back to that article as soon as the situation in the Netherlands overseas territories has been clarified.

THE CHAIRMAN: With reference to the suggestion made first by the Netherlands Delegation, I assume that there is no objection to a drafting change on those lines.

I hope that we may therefore agree now. It is now 1 o'clock, and time to adjourn. The calendar schedules a meeting of this Committee for 3 o'clock. There are, however, some complications that have set in which affect at least myself. At the time the Committee was scheduled I did not know there was planned to be a meeting of the Heads of Delegations at 4.45. I am not a Head of a Delegation, but I am a Chairman of a Committee, and Committee Chairmen are supposed to be present. I do not believe that it is necessary for me, however, to be present throughout the entire meeting, and I think it would be possible for me to continue here. If not, the Vice-Chairman could take over. I think I could continue at least until some time after 5 o'clock, and if it were necessary to report on the work of Committee V at the Meeting of Heads of Delegations I could probably do so towards the close of the meeting. Nevertheless, we have a large agenda for this afternoon, and there are the important questions of voting and of permanent membership on the Executive Board. I would like to suggest, if it were agreeable to the Committee, that we alter the arrangements and meet at 2.30 instead of at 3. I wonder if it would be possible for Committee members to convene as early as at 2.30. I hear no objection, and therefore I assume that it is agreeable. Or do I hear an objection?

Mr DAO (China): Although I would like to comply with your wishes, I have some difficulty in being here at 2.30.

Mr HOUTMAN (Belgium-Luxembourg) (Interpretation): It is already five minutes past 1, and it will be difficult for us to be here at 2.30.

THE CHAIRMAN: I hear some objection, so perhaps we had better go back to our original plan of 3 o'clock. I am very much concerned with getting through this Committee's work this week, and it is difficult to do so if we begin work in the middle of the afternoon and then stop working shortly after the middle of the afternoon. We will reconvene at 3 o'clock.

(The Meeting rose at 1.6 p.m.)  
(For Verbatim Report of afternoon session, see  
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E/FC/T/C.V/PV/12 - PART 2.The Meeting resumed at 3.10 p.m.

THE CHAIRMAN: It was agreed this morning that we should have successive translations this afternoon. I assume that preparations have been made for that system. I wish first to invite the Delegates of Belgium and the Netherlands to comment on their joint proposal which was circulated to this Committee as No. 21. I leave it to the Delegates to decide between them which one shall start.

Mr HOUTMAN (Belgium-Luxembourg) (Interpretation): Mr. Chairman, the Belgian and Netherlands Delegations think that the question of voting is a very important question for the future success of the Organisation, and should<sup>be</sup> solved with good will and understanding. I have been greatly impressed by the vigour with which the various Delegations have supported the various contradictory views on this question, and while paying tribute to this dynamism which speaks well for our interest in the Organisation, I would be happy if our modest proposal drawn up in a spirit of compromise might meet with equal success.

On the ground of legal equality for all nations, I concur with the honourable Delegates for Brazil, India, Chile, Cuba and China, and wish also to second the views expressed in the American draft Charter, as they appear in Article 53, and according to which each member of the Conference shall have one vote. Indeed, it is important that each nation, whether big or small, should be heard at a conference and should expound its ideas, desires or demands. This is a normal consequence of legal equality of nations, and the very basis of the feeling of confidence and co-operation inside the Organisation. That is why the Belgian and Netherlands Delegations deem it advisable to abandon the proposition of differential voting, which would only give to each country a vote in proportion to the part it plays in international trade. Such is also the reason why we think it useful not to change the text of Article 58. However, we think, with the honourable Delegates for France, Norway and Czechoslovakia, that we should allot permanent seats to the representatives of great economic Powers. We might

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justify this view if we took into account what has been done by the United Nations Charter, which we have all signed, and which established similar distinctions inside the Security Council between great Powers and Powers with limited political interest, and invoked, as has already been done, many other similar decisions which are issued upon the voting system which is applied by other specialised agencies. We might draw the attention of our colleagues to the fact that inside I.T.O., as far as concerns inter-governmental agreements on primary commodities, the Draft Charter which is proposed to us anticipates appropriate representations to member countries according to the importance or the interest they have in the import or use of certain commodities. We might plead, as the Delegates of the South African Union and Canada have done, that the various nations who have economic interests must necessarily have different responsibilities, but we believe that the safest ground to justify our proposal is that we all certainly have an interest in guaranteeing the future of the international Organisation for trade, and ensuring that these objectives will really be achieved. We can only be struck by the width of the aims pursued by the Organisation, such as they have been revealed already during the work of the five Committees, and consequently by the importance of the economic and financial means we will have to use in order to achieve these objectives. Whether we are concerned with tariff negotiations of a nature which will open to all countries the markets of the world, whether we are concerned with offering to countries which produce primary commodities guarantees that they will be able to distribute their products at stable prices, whether we are concerned chiefly with long term projects with a view to helping in non technically developed countries a policy of full employment and of industrial development, such an expansion programme of exchanges is only possible

through co-ordinated action between the chief economic Powers on which ultimately depend the technical and financial needs which cannot be dispensed with. Such a concerted action on the international plane is only possible if these big economic Powers are represented in a permanent manner inside the Executive Board just as they could be in a governing body responsible for the routine work, but working under the control of an Assembly which, under our system, is represented by the Conference. Moreover, we should not forget that in our project the big economic Powers are still a minority inside the Executive Board as well as inside the Conference, which makes it impossible for them to have exclusive and all round control of the Organisation. I wish to add one word. We have no desire to indicate the precise criteria in order to reach a definition of what must be understood by the economical importance of a country. We think that the problem should be divided and that it is wise to leave that task to the Conference which will have to decide, with all necessary guarantees, since all decisions must be taken by a majority of two-thirds of its members. However, we wish to stress the fact that in some involved Organisations such as the Trade Organisation, organisations the terms of reference of which are economic as well as social, satisfactory criteria have been found and applied. It is obvious that the task will be easier to solve if it is dealt with by an International Trade Organisation which, as its name and functions indicate, should work in the interests of all, and, without prejudging the decisions reached by the Conference, should be based, as the Australian Delegate proposed, upon the volume of exterior trade of each State, which is already expressed in figures in official statistics.

Then we have envisaged the possibility of raising the total number of seats, permanent as well as non-permanent, which are at present anticipated to be 6 permanent and 9 non-permanent, to 8 and 12 respectively, to meet the case of the importance of the ITO increasing owing to the adherence of all countries, or changes occurring in the contributions of the various member States to international trade.

It is obvious that the Belgian and Netherlands Delegations would be pleased if the Committee deemed it useful to discuss their thesis, with a view to its amendment and improvement. In any case, the Belgian and Netherlands proposal has no other aim than to help the Committee to reach a compromise and an understanding, thus proving our wish to cooperate towards the success of our work.

THE CHAIRMAN: I will call the Delegate of Brazil in a moment - I should like first to give the Delegate of the Netherlands an opportunity to add any comments.

MR. VAN TUYLL (Netherlands): Thank you, but I have nothing to add to the statement of the Delegate of Belgium.

THE CHAIRMAN: Before I call on the Committee for comments on the statement made by the Delegate of Belgium, I should like to make a few observations on the subject matter of our discussions this afternoon. What I have to say will deal chiefly with the manner in which we might proceed with our further consideration of voting and related questions.

In our discussions to date three more or less distinct propositions seem to have been advanced. The first is that voting in the Conference and in the Executive Board should be on the basis set forth in the American Draft Charter. The second is that voting arrangements both in the Conference and in the Executive Board should be on the basis of one country one vote, as in the Charter, but that provision should be made for certain countries to have permanent seats on the Executive Board, and third, that voting, in the Conference at least - as to the Executive Board I must add that our discussion has not so far/position - should be on a weighted basis

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with or without provision for permanent membership of the Executive Board. Those seem to be the three major categories in which the discussion thus far has fallen. Subject to any views which members of the Committee may later express, my feeling is that there is little to be gained by our attempting any further consideration at this stage of the third proposition, namely weighted voting, and that the suggestions made by the United Kingdom Delegation in this respect should simply be noted in the report. Several other Delegations have expressed some measure of sympathy with the weighted voting principle. If they should wish to join with the United Kingdom member in an effort to concert their various ideas as to a system of weighting, that might, I think, advantageously be done. It would certainly be helpful to the interim drafting committee if they are to have the responsibility of drafting alternative provisions based on the views expressed by members of this Committee. I think it is important that we should give as complete and clear instructions to the Interim Drafting Committee as we can whether these have reference to majority or minority views on any subject. However, I do feel that a general discussion on this matter of weighted voting should not be encouraged this afternoon, but that the Committee, on the assumption that equal voting will apply in the Conference, which view has been expressed by the majority of delegations, should proceed directly to a more thorough consideration of questions relating to Executive Board membership and procedure.

A number of somewhat differing ideas have already been expressed with reference to the provisions of Article 57, and I believe that we must attempt to secure as wide an area of agreement as possible within the terms of reference I have suggested, namely, that we assume for the purposes of our further consideration of this Article, that the principle of one country one vote will apply to voting on the Board as well as in the Conference. At least three different proposals with reference to Board membership have so far been advanced. First: that all members should be on the same basis, that is, that the present text of Article 57 should

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remain. Second, that no express provision should be made for permanent members as such, but that Article 57 should provide for say five members of the Executive Board to be eligible for immediate re-election, the remaining members to be elected on a rotating basis. I believe that was the suggestion of the Delegate of Norway. Third: that there should be definite provision made for a certain number of permanent seats. This, I understand, represents the three major categories in which the suggestions that have been made regarding Executive Board membership would fall.

The first two of these proposals, namely, that resting on the Charter as it stands and that made by the Delegate of Norway, would seem to be quite clear and simple. The second would involve only slight modification of the present text. The third proposal, however, that straight-out provision should be made for a certain number of permanent seats, involves more substantial amendment and would probably require consideration by a special Sub-Committee, whose job it would be to examine particularly such considerations as the following: I mention these considerations not with the idea that we should attempt to write into the Charter details which had best be left to the Conference, but merely as considerations which should be borne in mind in connection with our further discussion of Article 57. There is, of course, a question as to just where the line should be drawn. For purposes of discussion, I would suggest that some of the considerations which might arise would be: first, what principles and procedure should apply in connection with the selection of non-permanent members; for example, should they be selected on a rotating basis, as some have suggested; what consequential changes would be necessary in Chapter 7; what additional safeguards, if any, would be necessary to protect the vital interests of certain members; in short, what I am attempting to suggest with regard to the proposal that straight-out provision be made for a certain number of permanent seats is that we shall not be very helpful to the Interim Drafting Committee if we do not carry our formulation somewhat beyond that point. Just how far we should carry it without getting too much over

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into the sphere of details which should be left to the Conference itself is perhaps a question that will deserve attention. Now, with apologies for having made such a long statement at the outset of our discussion, I will open the whole subject for debate. I had hoped, however, that this statement might serve to guide our discussion in a manner which in the long-run might save time for the entire Committee. If I have gone astray in my statement of the issues, and no doubt there will be some modifications suggested, I can only express my regret and add that I am trying to be helpful and not hurtful to the progress of our work.

I believe that the Delegate of Brazil wishes to speak.

MR. PARINAGUA (Brazil): It seems to me that once more the small countries show their commonsense. I say "small countries" meaning territorially small; they are great in other senses, and I think we can follow their advice not to take this question too seriously. It seems to me that we have to face two different questions: one is about the voting in the Executive Board, and the other in the Conference. If the suggestion is made that a privileged vote should be given in the Conference and in the Executive Board, I would be against it, because the result would be that some countries would not be prepared to accept majority rule, but would seek to impose minority rule by means of privileged voting. Speaking plainly, that is what would be the result - no majority rule, but minority rule by means of privileged voting. That I cannot accept. So much for the first question -- and I notice that Belgium and the Netherlands have agreed on the point, one country one vote.

Then we have the other question, of taking into consideration the economic or commercial importance of some countries inside the Executive Board. That I agree is reasonable; not that they will have more responsibility in the Executive Board, but they have wider interests. That I agree. The question is, to find a way to take this wider interest into consideration, and studying the question I have found that the averages of some important units in international trade are in the following order: United States with 13.8 more trade.

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The United Kingdom with 10.4 per cent, and then, if we take the group of India, we have 15.10 per cent., and Latin America, 9.10 per cent; Africa has 4.60 per cent., and Oceania, 3.03 per cent.

THE CHAIRMAN: I apologise for interrupting the Delegate of Brazil, but it is not clear to the Chair just what those percentage figures are.

MR. PARANAGUA (Brazil): It is the participation of these groups in world trade, according to the League of Nations. The League of Nations divide world trade into groups: Europe, Africa, North America, Latin America, Asia and Oceania -- six groups. In studying the question of permanent representation, I found it would be reasonable to take into consideration those groups, and that the permanent seats would be according to those groups. I felt that we could solve that very difficult problem with a proposal for redrafting Article 57. It would be changed in some paragraphs. Paragraph 1 would increase the number of members of the Executive Board. It would read in this way:

"(1) The Executive Board shall consist of 20 members of the Organisation.

"(2) Subject to the provisions of paragraph 3 of this article, one half of the membership of the Executive Board shall serve for a term of five years and shall be appointed by the members of the Organisation having the largest share in world trade and belonging to the following trade groups: Europe, two directors; North America, two directors; Latin America, two directors; Asia, two directors; Oceania, one director, and Africa, one director. The other half of the membership of the Executive Board shall be elected each year by the Conference amongst the members not having appointed any executive director. A retiring member shall be eligible for immediate re-election.

"(3) Any change in the relative position in world trade of a

member country appointing an executive director shall be taken into consideration at the end of each term of five years and the Executive Board shall make recommendations to the Conference in order to implement the preceding paragraph.

"(4) Each member of the Executive Board shall have one representative, and may appoint alternates and advisors to its representatives."

That is the way in which I found that, without saying that the seats are permanent, in fact they are. In this way we acknowledge the special position of the different groups and the different countries inside the groups, and they practically would have a permanent seat. That is merely a suggestion, because what we are discussing here will pass through many stages. From here it goes to the Drafting Committee in New York, the Drafting Committee in New York sends it to Geneva for a second Preparatory Committee, and then it goes to the Conference in the Autumn of next year. This is a simple suggestion to see whether we can find a common ground on which we can agree without having vigorous discussions such as my colleague from Belgium spoke of at the beginning of this meeting.

THE CHAIRMAN: The Delegate from Brazil has made some very concrete suggestions with regard to an amendment to this article, and I thought it would be easier for the Committee to discuss those suggestions if copies were struck off and distributed to each member of the Committee. That is being done, and they will be ready later. In the meantime, several other Members of the Committee have asked to speak. I believe the Delegate of Belgium wishes to add something to his original comments.

MR. HOUTMAN (Belgium-Luxembourg) (Interpretation): I apologise for taking the floor so soon after having expressed my opinions before, but I want to make my position more precise, particularly after what the Delegate of Brazil has said. I feel that there were some very interesting proposals in what he said, especially concerning the

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third paragraph of Article 57 as modified by the Brazilian Delegation, which says that any change in the contribution towards international trade may be considered by the Executive Board with a view to modifying the former disposition. This seems to me to be more subtle than the proposal which I submitted to the Committee.

But for the rest, I would have certain reservations to make. The Delegate of Brazil has mentioned the difference in regard to certain other Articles between permanent representatives who would represent various economic powers and nations who would have different interests. This seems to me to be very important, because it brings closer together the views of the United Kingdom and the United States. The United States proposal is one country, one vote. We are therefore moving in the direction of agreement. But if we all agree that the most powerful countries must have some special representation, why the mention of geographical basis? The geographical basis of a country is not necessarily a criterion of its commercial importance. If we are basing our consideration upon geographical importance, then countries like the United Kingdom, the Netherlands and Belgium would have an advantage in this, because according to the map they would have it may be one director for their continent and some fraction of a director for their Colonies. The proposal of the Belgian and Netherlands Delegations followed the Charter of the United Nations, particularly article 23 of that Charter, concerning the Security Council, where it is anticipated that there will be eleven members, five being permanent members, and six other members who would be non-permanent members, and those members would be elected by the General Assembly. The non-permanent members -- and this might meet the view of the Brazilian Delegation -- are chiefly appointed by taking into account their quota and the geographical basis mentioned by the Brazilian Delegate. To satisfy

the Brazilian Delegate, why could we not adopt a similar system which would give an importance to the economic powers upon a geographical basis? The non-permanent seats would be given mutatis mutandis upon a basis which would depend on the interest of those countries towards the Organisation and also on a fair geographical representation.

I apologise for taking the floor for such a long time, and I wish also to remind Delegates that I am not the only author of this proposal, but that the Netherlands Delegation have had a hand in it, and may wish to speak about it also.

THE CHAIRMAN: Some other Delegates have asked for the floor, but in view of what the Netherlands Delegate may have to say, I will, with the Committee's permission, call upon him first.

MR. van TUYLL (Netherlands): As the Belgian Delegate has asked me to give my opinion and you have given me the opportunity, I would like to add to what the Belgian Delegate has said that, in my opinion, we must keep the matters clear. Do we want to have criteria of geographical importance, or the criterion of economic importance? In the opinion of the Belgian and Netherlands Delegations, we think the best system would be to introduce the criterion of the economic importance in the permanent seats, and to use geographical criteria for the non-permanent seats. I believe the proposals of the Delegate of Brazil, which I have not yet been able to consider very closely, tend to mix the two criteria for the permanent seats, and not to give any criteria for the non-permanent seats. I think that the position would be clarified if we knew exactly what we want, and I believe that the Belgian and Netherlands proposal kept both criteria in mind and dealt with them in a way which gives equal value to those criteria. For that reason, I endorse the words of the Belgian Delegate.

THE CHAIRMAN: The Delegate of New Zealand wishes to speak.

MR. LAURENCE (New Zealand): I address myself to Article 53, and in particular paragraph 1. This Delegation, I think, is the only one which has not yet expressed a view on the Conference date. Consequently, we have had the benefit of hearing other views advanced. We have had the benefit, too, of hearing views advanced on other sections of the articles of the Charter where the principles, I think, have a direct bearing on the difficulty that this Committee is experiencing in respect of paragraph 1 of Article 53.

In discussion of Article 78 concerning the entry into force of the Charter, there was emphasis placed by certain Delegates on the point that the adherence to the Charter by the important and major trading nations was a paramount consideration. We believe that the adherence to the Charter by the major and important trading nations is not only of importance in connection with the entry into force of the Charter, but it is of major importance if the International Trade Organisation is to be a success.

In respect of Article 76, Delegates were very concerned about the middle course between full access to the Court of International Justice, and in the other extreme, there was concern expressed about the possibility of trivial and vexatious issues being brought before the Court. In respect of Article 76, I think it is relevant to say that an issue of the same type and probably of equal quality, arises between the question of whether each State should have one vote, or whether some weighting should be given to the votes of states having considerable interest in international trade and commercial affairs generally. To make myself clear on that, to say that one state should have one vote is not, in my opinion, the solution of this important matter.

That leads me back to the point that I made in respect of Article 78, that it is not only important to have the adherence of the major trading nations to the entry into force of the Charter, but it is important to have the support and full cooperation of the major trading nations in respect of the operations of the Organisation.

Now, as we foresee it, if you have the vote of a state which has very little interest in international trade, both in an absolute sense and in the sense of the worth of their trade to the nationals of that state, it seems to us to be quite wrong that the vote of a major country, whether it be the United Kingdom, the United States, Russia, France or any one else, should be negated by the vote of that one state; and it is not the way to get full cooperation of the major nations in the operations of the Organisation. As we see it, the position may arise where you may have one or more of the major nations choosing policies which are not in sympathy with the operations of the International Trade Organisation. As we see it, weighted votes on the Executive Board are not sufficiently offsetting as a factor, because we cannot overlook the provisions of Article 55, which give the Conference the final authority to determine policies of the Organisation, and it is the policies rather than the administration of the policy, which is done by the Executive Board, that is the point of real importance for the success of the Organisation.

The position, then, is that even though the vote of our own country would, I think, certainly be worth more on the basis of one state, one vote, than it would be on any system of weighting, that is likely to be generally acceptable, we cannot overlook the importance of the realities of the situation -- that if the major trading nations found that in the Conference on important policies at issue they had the equivalent of what really can be made to be no say at all, it would be not only a possible but a probable consequence that you would lose the cooperation of those nations, which is so important.

Therefore, our view is that the principle of weighted voting should be introduced in article 53.

We have not evolved a system of weighting. From our point of view, of course, it is of interest to us to place emphasis on the significance of the external trade of the member rather than, say, on the national income of the member, but we have not carried our thought to the point where we can say that the volume of the external trade, in an absolute sense, is the basis on which external trade should be compared, or whether it is the volume of the trade expressed in relation to the population. We have not got down to those details, but the case for the principle of weighted voting appears to be so clear and so necessary for the full cooperation of the nations in the working of the Organisation that we have clearly resolved our thoughts on that point.

On the other issue of the method of weighting, we appreciate fully the complexities that enter into it, and I think I could illustrate the complexity by following the argument of the Delegate for Brazil, who was so strong in his emphasis on the point of one state, one vote in the Conference, but has introduced into his argument for geographical representation, I think, bases which are not at all consistent with the argument for democracy and democratic principles which he advanced in connection with the discussion of Article 53. I am not ready to discuss those details. I am simply pointing it out as an instance to show how easily we can lead ourselves into inconsistencies if we regard the issues as being essentially simple in this weighting question.

MR. BURY (Australia): I would like to suggest that in our instructions to the Drafting Committee, we ask them to set out the various alternative schemes which have been put forward. I think every individual country has expressed its views. Although it would be a mistake to postpone any issue upon which we could reach finality, these are questions on which governments are acutely sensitive, and there are a number of propositions which have been put here which they have not had time to consider. There are a number of new ones as far as the Australian delegation is concerned, and I think it would be more helpful to us if the Drafting Committee set out the various possibilities which would enable governments to study the question so that, when we meet in Geneva in March or April, we shall then be in a much better position to reach finality which, at this stage, is clearly impossible and, even if we did, might be gone back on by various governments.

THE CHAIRMAN: The delegate of the United Kingdom.

MR. HOLMES (United Kingdom): I had not interpreted your very helpful remarks at the beginning of this meeting, Mr. Chairman, as debarring us from a discussion on the question of weighted voting in the Conference altogether, and I have noted that the subject has reappeared. For myself, however, I do not wish to go into any detail, but to say that the representative of Australia who has just spoken has expressed very much the feeling that my delegation has on this subject. We have, as you know, put up a scheme, without working it out in any great detail.

We have suggested certain headings which might be taken into account if it seems desirable, for one reason or another, that a system of weighted voting should be adopted. We have also felt that there was some connection, though not a necessarily binding connection, between weighted voting and permanent seats on the Board of the Organization. We feel that several questions have probably yet to be thought of in this connection. It may well be that our original ideas of what elements should enter into such a system are not in any way exhausted. We had suggested, for instance, that there should be a basic element and some weight given to international trade - perhaps a great deal of weight to that and perhaps some weight given to national income. It has been suggested, very reasonably perhaps, that population should be taken into account, or given some weight, and it has been suggested, again very reasonably, that the proportion - I think that is one way of expressing it - of a country's international trade to its whole trade should also be taken into account.

Now what seems to us to be wanted is for the only body which can deal with this matter at some leisure and in some quietude - that is to say, the Drafting Committee - should, among other things, work out - it would not be a matter of great difficulty but in some detail - the sort of position which would be arrived at under various alternative weights for the weighting. That would not commit governments in any way, and this meeting, of course,

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itself is non-committal. We feel that for the representatives of the countries around this table to have the best view of a proposal such as we ourselves had put forward, would be for it to be translated into concrete terms, perhaps under various alternative systems of weighting. If I may, for instance, turn for a moment to the extremely interesting proposal put forward by the Brazilian representative, there again I think it would be quite appropriate for the Drafting Committee to examine the matter on those lines. There again, some translation into concrete terms would no doubt be possible for the Drafting Committee to undertake, and would be very interesting and helpful for the countries to have when they resume their discussions.

We have had some criticism of the system of weighted voting. We have had, it is true, some support for what the New Zealand delegate has said, with very much of which I am in agreement. One point of criticism has been that our adducement of a parallel from the fund and the Bank was not a fair parallel to bring forward. It has emerged, I think, from the discussion this afternoon that that is not wholly the case. It has been pointed out, I think with considerable justice, that the Organization must depend on its successful functioning over a number of years on the strong support of all countries, but not least obviously of those countries which have a large share of international trade and which are economically important.

The Organization - as I think will be

shown by the draft instrument which may take more shape at any rate as a result of our labours here in Church House) will provide a certain element of mutual aid amongst all but it will also involve, especially in those sections which may relate, for instance, to industrial development of under-industrialised or under-developed countries, some of the important economic countries in having to help, by their experience and by their share in trade, some of the other countries. In other words, the contribution towards the whole scheme which the more important economic countries, from the economic point of view, will have to make will be a larger contribution than that which the smaller countries can make.

I introduce that consideration only to show that one, at any rate, of the criticisms directed against our original arguments for the system we advocated was, I think, misconceived.

So, Sir, I would like to suggest, in endorsement of what the Australian delegate has said, that we could deal with this question of weighted voting by giving it as a direction to the Drafting Committee that they should take into account all that has been said on the subject here, take into account all the elements which have been suggested as, in certain circumstances, reasonable elements, take into account if you should have the system at all, and translate for us against the time we meet again those alternative systems proposed into actual terms, providing for, as I have suggested, a flaw in the sense that

no country would be without a reasonable basic vote and perhaps also a ceiling, so that no countries voting powers run up into some astronomical height, and that we should then be able to consider without, so to speak, those hang-overs too strongly, the other question which we have been touching on this afternoon, the question of permanent seats on the Conference, and perhaps on the Executive Board. That is all I think I have to say at this juncture.

THE CHAIRMAN. Two delegates have asked for the floor, but before I call upon them, I would like to make one or two remarks that are designed to clarify a point or two that came out in the remarks of the delegate from the United Kingdom. First of all, and very incidentally, I should say that, of course, in my earlier remarks I did not mean to debar the discussion of anything - of a Conference or anything else - but I was only meaning to suggest that we ought to focus our discussion this afternoon upon Article 57. I think we all feel very much gratified that the delegate from New Zealand has expressed the position of his country on this matter of voting in the Conference. I believe that New Zealand was the only country that had not, up to that time, expressed itself on that subject, and I am very glad that we now have a complete expression of the views and position of the members of this Committee on the subject of voting in the Conference.

Secondly, I want to allude to one suggestion made by the delegate of the United Kingdom which I think deserves some comment from the Chair. He has

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renewed his plea for some sort of system of weighted voting and has, I believe, suggested that the Interim Drafting Committee might address itself to this question with a view to seeing if some system could not be devised that would be suitable. Am I correct in that? I do not want to misinterpret.

MR. HOLMES (United Kingdom): I suggested that it would be easier for this question to be considered at another Session of the Committee if the Drafting Committee had, without any sort of commitment on anybody's part, looked into the matter and drawn up a scheme or schemes which took into account some of the views which have been expressed, or all of the views which have been expressed here, about the weighted voting and the element which might enter into it

THE CHAIRMAN: Well, with reference to that, I should point out that it is my very definite impression, from having attended the meetings of the heads of delegations and committee heads, that in this matter of the Interim Drafting Committee, it has been the view of the delegation heads that the Interim Drafting Committee should be a purely technical Committee, and that it should have no functions of a fact-finding or a subsidiary character; it would be a purely technical drafting committee. If that is the case, I should have thought it would not be appropriate to turn over to that Committee any assignment having to do with the study of weighting indices and the making of alternative recommendations with regard to any systems of weighting. I do not believe that would be appropriate for them to undertake.

I would like, therefore - assuming that is

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correct, to renew the suggestion that I made at the outset, that those of this Committee who are friendly to, or tolerant of this view, that there should be a weighted system of voting in the Conference, should endeavour to concert their ideas and see if they can agree upon some system of weighting, or even alternative systems. - I know that the delegate of the United Kingdom has already made some suggestions along that line - and that these should be available to the Drafting Committee and, of course, available to the Conference when it assembles in the spring. I do not believe that the matter can go much beyond that, and I have a great deal of sympathy for the view expressed by the delegate from Australia, that the matters which we now are discussing with regard to voting and membership of the Board are matters on which we cannot be in any sense definitive or final in our discussions at this Conference, and that they will no doubt require further consideration in the interim, and will have to be taken up again in the spring.

I apologise for taking so much time when other delegates wish to speak, but I felt that that matter ought to be clarified. The delegate of Cuba.

MR. ALAMILLA (Cuba): I do not hope to solve this difficult problem of the vote but will first of all explain our specific position on this matter as clearly as possible. Then I shall offer some negative criticism on what we have heard and on things under the Charter, and, later, I shall try to give some positive suggestions which may be of help in the future.

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Our position in regard to the vote of the Executive Board is exactly the same as it was on the Organization, that is, that all the members should have a single and equal vote as any other member of the Organization. Therefore we do not believe that a plural vote - which is what we call it in my country - would solve the problem. On the other hand, it has been suggested here that some difference is made amongst the several countries who have a special interest, because they have a trade that is more important than other countries. In this respect I have to cease to talk for my delegation because we only have instructions to support what the Charter says. However, I believe that as we come here only to offer suggestions of help and to do whatever we can, this kind of suggestion, which has already been accepted by the League of Nations, will not have a negative reception by the Cuban Government. Therefore, on this premise, I shall offer some ideas on this matter.

Coming to the matter of permanent seats, I see that the Belgian delegate has made two different suggestions - first, in the paper that was distributed they suggested that there should be 6 and 9 members, making 15 in all. Now they say 8 and 12, which makes 20. I believe they have done so because they have probably noticed that if we take 15 members, and then we start negotiating and have 17 or 18, it will create a very awkward situation if two or three members are not on the Executive Board at the beginning. And maybe the suggestion of 20 is because they want to cover everybody who would like to come in at the

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beginning of these negotiations. Therefore, my first negative criticism to the number of 15 is that it may lead to a very difficult situation for the one or two members who would be left out of the Executive Board of the Organization.

Secondly, if we have 20 members, I believe it would be possible for some members to have permanent seats. Here I am expressing my personal opinion. But in this case the number of members should not be definitely stated. We should say no more than this and no less than that because we may not be only 17 or 18 or 20 nations in this Organization; we may be 25, 24, 21 - nobody knows how many. If we say that we shall have, for example, 5 members and, in the beginning, everybody rushes to be one of those 5 members on the Executive Board, there will be less incentive for some other big nations who may be out of this at the moment to come in later if they are not able to get one permanent seat on the Executive Board. Therefore it should be left open for the Conference, when it meets, knowing more than we know now, to decide exactly what is to be the number of permanent members and the number of non-permanent members.

I still have another negative criticism to make, and that is that the members who would be selected - not permanent members - probably by vote. That is how it seems to me from what I have read and heard of the Belgian and Netherlands' proposal. From my experience, if some members are elected and can be re-elected, they will be in a favourable position, because we would be very much inclined to re-elect them than to run the risk of bringing in new members

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when we do not know how they will act. Therefore this is a point which we must take into consideration. Apart from this, supposing we have 5 or 6 permanent members and we have several members who are to be elected; are the 5 or 6 members who are permanent to have a vote also on these non-permanent members to be elected or not? I have no opinion on this point, although I believe that if the members have permanent seats they should not vote for the places of the non-permanent members who are to be elected.

Now comes my positive contribution. I believe there is always this danger, that a group of nations will be in this Organization from the beginning but that that will stop some other coming in. I would suggest, therefore, that instead of having an election for the other members, that a list of the elected members should be established, and that we should come to one of these conclusions: that this list should be made alphabetical, it could be made by drawing lots, or it could be made - and this is possibly my best suggestion - by arranging groups which, when they came together in the Executive Board, would represent two sets of cross-sections in the members of the Organization. One might be a geographical distribution; the second that they would represent countries in different stages of development. In this way I believe that we might solve the problem which may be one of the most difficult to solve in this whole Organization.

THE CHAIRMAN: I call upon the Delegate of Norway.

Mr COLBAN (Norway): I also wish to make some observations to help find a final solution. I have already stated that as far as Article 57 is concerned, I would like to modify the first paragraph slightly. I suggest the paragraph should read: "The Executive Board should consist of 15 members, elected by the Conference, five of whom shall be eligible for immediate re-election." I want to point out that I have not in mind permanent seats. I only desire to create a system under which the great leading commercial Powers could be quite certain of being maintained on the Executive Board without making it necessary to name them specifically in the Charter. I think it is better to have a phrase such as the one I suggested, than to mention so many countries by name. Another point is this: Originally I think I said that there should be 18 members of the Executive Board, but, having reconsidered the matter, I think 15 should be the maximum. We around this table are supposed to number 17. I cannot imagine this body dealing with executive tasks. It would discuss organisation or high policy, but, as an executive instrument, it would be too large. I do not make any counter-proposal to the American draft which, as far as I can see, has been extremely well thought out. Therefore, I do not propose anything less than 15 members, but think I should insist that that number should be the maximum.

As to the voting, referred to<sup>in</sup> Article 57, I think we should apply the same system as for the Conference - one State one vote. I have an open mind, but that is how I look upon the matter at the moment. I am perfectly willing to be convinced that I am wrong if sufficient arguments can be brought forward, but I feel that it is a mistake to think that a great commercial Power in an organisation such as this would run the risk of being voted down. After all, not one, two, or five, or

even 10 unreasonable members can turn down a reasonable proposal of any other member of the Organisation when it is in full swing. Our experience - because we have all been to international conferences many times - is that we listen with considerably more - I do not say respect, and I cannot find the right word, but perhaps I should say considerably more deep respectful interest to the statement of one of the leading nations on that particular subject which we are discussing, than we would listen to a theoretically excellent speech or report of a Government admittedly not very interested in the matter. I feel, therefore, that the great Powers need not be afraid of the "one State one vote" principle being applied. As I say, I still have an open mind.

THE CHAIRMAN: I propose to call the Delegate of Canada next, and then the Delegate of China.

Mr LEPAN (Canada): I would like first of all to assure His Excellency the Norwegian Delegate who, I suppose, must be described as a representative of a country which is not so large or powerful as some others, but there is no representative to whom we listen with more respectful attention than himself. I am sure we are all very grateful to you, Mr. Chairman, for the exact and lucid suggestions which you have made throughout the course of our discussions this afternoon about the procedure which it might be wise to follow. At the very beginning of this afternoon's discussion it was suggested that we should proceed on a hypothesis that the principle of one country one vote be adopted. We of the Canadian Delegation are content to proceed on that hypothesis, provided it is understood that it is only one hypothesis of a number which might be accepted; that it had been accepted only as a matter of convenience, and finally that the whole question of weighted voting would be remitted to the interim Drafting Committee for consideration there and also for further consideration,

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and, it might be, for a decision by the next meeting of the Preparatory Committee. However, the question of weighted voting has been opened this afternoon, and it now seems that we are rounding off our discussion of this subject before committing it to the Drafting Committee. It is for that reason that I would like to put on record the Canadian position so that there cannot be the slightest doubt about it. The Canadian Delegation has never concealed the fact that it is in support of the principle of weighted voting. There have been a great number of criticisms directed against the principle. We cannot accept the criticism that it is undemocratic, nor can we accept the criticism that the intention and the effect would be to impose the will of the majority on the minority. It seems to me that if the principle of one country one vote were adopted, a situation might very easily arise where the voices of those countries achieving economic importance might be overborne by the votes of a coalition of the countries which do not enter significantly into world trade, and we do not think that such a situation would be democratic, unless we are to adopt the very pessimistic definition of democracy that it is a system where everyone can speak and nothing can be accomplished. Now I turn to the suggestion which you yourself have made, Mr. Chairman, about a Sub-Committee to put into rather more precise form the suggestions which have been made about weighted voting. I agree with the United Kingdom Delegate that the task of working out a system of weighted voting is not a particularly difficult one, but on the other hand it is a detailed one. It seems to us at the Canadian Delegation that it would be churlish to refuse the invitation which you have thrown out, and we for our part would be very willing to participate in an attempt and to have, as it were, a second shot at producing a paper on weighted voting. It should be understood that even the second

shot would be in no sense definitive. It is impossible, I think, at this stage to arrive at a definitive system of weighted voting. However, it might be possible to make a rather closer approximation to a system that I hope, in the progress of time, might commend itself to rather more members of the Preparatory Commission than is at present the case. It is for that reason that we would be prepared to participate.

Mr DAO (China): At our last meeting when we discussed the voting system we made our position clear, and I wish to say that our position has not changed with regard to the voting in the Executive Board. Having said this, I would like to confine myself to the consideration of Article 57, with regard to membership of the Executive Board.

THE CHAIRMAN: May I interrupt? I understood you to say that your position has not changed with reference to voting in the Executive Board. Do you mean that? You do not mean in the conference?

Mr DAO: No.

THE CHAIRMAN: You mean in the Executive Board?

Mr DAO: Yes, we made our position clear with regard to the voting at the conference at the last meeting, and I wish to reaffirm that our position has not changed in relation to the voting system on the Executive Board. We have an open mind as to the number and the status of members of the Board. What I wish to do is to put forward some points which might be taken into consideration either by the Drafting Committee or at the next meeting of the Preparatory Committee. We feel that the number of members may be suitably increased from 15 to a maximum of 18, but provision should be made for a smaller number in the event of the Charter being brought into force in accordance with Article 78, paragraph 3. As to whether there should be any permanent seats for certain

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members, we say that there are two ways in which such a system can be instituted. One is to write into the Charter the names of the permanent members of the Executive Board. It is apparent that at present there is a certain drawback, but this drawback may disappear by the time that the final Draft Charter is adopted. The other is to adopt certain principles and procedures as a guide to the conference to elect certain members to be permanent members. On this point, as far as the principle is concerned, we feel that factors which will naturally figure in the consideration will be those of economic importance and geographical representation. It is rather difficult at the present stage to come to any determination with regard to the degree of economic importance. We think that economic importance of a member should be such as would refer not only to the actual but also potential economic importance. As to the other factors which we may also consider, such as the criteria which have been adopted in certain other international organisations, on the whole we would like to see the number of such criteria being as many as possible, so as not to preclude from our consideration such matters as will decide the economic importance of the member. However, if there is a provision for permanent members, we have also to consider the fact that the number of seats should be such as would not hinder any other members who may adhere to the Charter, after the Organisation has come into being. On the other hand, there is an alternative to the system of permanent membership, something on the lines put forward by the Delegate for Brazil. The question of geographical representation and the factor of economic importance may determine the distribution of the permanent members who will serve for a longer period than the other members on the Board. We offer these points for the purpose of facilitating the discussion of Article 57.

THE CHAIRMAN: I realise that it is getting late, but the Delegate of Australia assures me that he only wishes to make a very brief remark and if no-one else wishes to speak on this subject we should perhaps be in a position to agree on some procedure for handling the matter which has been under discussion this afternoon. I have some suggestions to make regarding that. I call on the Delegate of Australia.

MR. BURY (Australia): In view of the remarks of the Delegate of Norway, I feel I should explain our proposal to increase the membership of the Executive Board to 20. We had envisaged that owing to the multitude and complexity of the subjects with which the Executive Board will have to deal and the varied degrees of interest and experience of its members, it would inevitably have to work largely through sub-committees. In any case we should regard 15 as too many to thrash out many of the detailed questions it will have to deal with in practice. I feel I should say that just to bring it to his notice.

MR. COLBAN (Norway): I want to thank the Delegate of Australia for his statement.

THE CHAIRMAN: I had thought at one time of appointing a sub-committee to consider this whole gamut of questions which we have discussed in connection with the Conference and the Executive Board, more particularly the Executive Board, but I believe that that is scarcely practicable for the reason that almost every member of this Committee has expressed a very warm interest in the subject. To omit any member would be invidious and therefore there would be little gained by that procedure. I have an alternative suggestion which I hope will meet with your approval. It is that we instruct our two Rapporteurs to prepare now this part of their summary; that will have the effect of putting very clearly into juxtaposition the various suggestions that have emanated from our discussion. It would be prepared tentatively in a form suitable for incorporation in the report of Committee V to this Conference. That tentative draft of our two rapporteurs, who would be merely doing some of their homework in advance would then be brought back to this Committee and would be reviewed by it.

It would of course be distributed in advance, I should hope before Thursday. That would give this Committee an opportunity to see how these various suggestions line up. It is quite conceivable that our two Rapporteurs might be induced to exercise their imagination to the extent of suggesting that perhaps some of these various suggestions would wash out or reconcile with each other, and that we could narrow somewhat the possible divergences in these suggestions. I hardly expect that the various views could be concerted into one unanimous set of suggestions with regard to the Charter, but at least we ought to try to narrow the differences. The Committee then, acting as a Committee as a whole - let it be a sub-committee of the whole Committee if you like - would then be afforded a second occasion on which to make any further observations on this subject for the record, and we would let the matter rest there. It would be the job of the second meeting of the Preparatory Committee next Spring to start from that point. I do not believe that we could properly ask the Interim Drafting Committee to do any substantive work. As I said a moment ago, it is <sup>not</sup> their proper role, they are mere drafting technicians. Does that suggestion meet with the approval of the Committee? Very well, then; our Rapporteurs have a new task. One more thing and then we are through: I am asking the Secretary to arrange for a meeting tomorrow at 3 o'clock - no meeting in the morning. I believe we have enough material to work on for a meeting tomorrow afternoon. The meeting is closed.

The Committee rose at 6.12 p.m.