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ORIGINAL: ENGLISH

DRAFTING COMMITTEE OF THE PREPARATORY COMMITTEE OF THE
INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT

SUB-COMMITTEE ON VOTING AND EXECUTIVE BOARD
MEMBERSHIP

Summary Record of Second Meeting Held 23 January 1947
at 2:45 p.m.

After the opening of the meeting by the Chairman, Mr. Alamilla,
the Sub-Committee discussed:

1. The United Kingdom proposal on the formula for weighted voting (E/PC/T/C.6/W.3). The SOUTH AFRICAN Delegate expressed the opinion that the basic vote should be smaller. For example, twenty instead of the present 100. The BRAZILIAN AND CHILEAN Delegates stated that they were unable to support the United Kingdom proposal because in their opinion factors (b) and (d), namely, those concerning national income, have no significance as it is impossible to compare heterogeneous quantities. In the opinion of the BELGIAN Delegate, stress should be laid on the volume of international trade and not on national income and population. The CUBAN Delegate objected to the United Kingdom draft on the basis that the data (1937) was not up to date and that new data should be secured. In his capacity as Chairman he called on the BELGIAN and UNITED KINGDOM Delegates to co-operate in issuing a more up-to-date draft. The Secretary assured the Committee that the co-operation of the Statistical Department of the Secretariat would be secured for this work.

2. Discussion of the Suggestion by the United States for Weighted Voting. (E/PC/T/C.6/W.6)

The Delegate of the United States (Mr. Ledy) gave a short

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explanation of the United States suggestions. They provide for a system of weighted voting only on questions where ITO has to consult the International Monetary Fund, namely on balance of payments questions. The Fund may authorize exchange restrictions for balance of payments considerations, and ITO may authorize quantitative restrictions for the same reasons. It is therefore suggested that in these matters there should be weighted voting on the Executive Board of ITO similar to that of the Fund. On other questions there would be equal voting in ITO. It is also necessary to co-ordinate the voting procedures of the Executive Board with those of the ITO Conference, because during the times the Conference is not in session, the Executive Board assumes the functions of the Conference. In order to assure rotation, the election of members to the Executive Board of ITO should be done in the same way as the elections to the Executive Board of the Fund. To the CHAIRMAN's question as to which Body elects the new Members the UNITED STATES Delegate (Mr. Kellogg) answered that it is the Conference. The Executive Board may recommend new Members but the decision lies definitely with the Conference.

The Delegate for FRANCE stated that he did not see any objection to the fact that the same problem should be treated differently in the Fund and in ITO; on the contrary, if the same voting procedure is employed this presupposes the same membership in both Organizations.

The CHILEAN Delegate expressed the same opinion and the CHAIRMAN asked the UNITED STATES Delegation to further elaborate and clarify their proposal in time for the next meeting.

The Delegate for BRAZIL stated that he was unable to support the United States suggestion for the following reasons:

1. on a question of substance like this, he did not think that the same method of weighted voting applies;

/2. the ITO

2. the ITO articles, refer not only to the Fund but to other Inter-governmental agencies and therefore there is no special reason to use the Fund's weighting system as a model.

The UNITED STATES Delegate (Mr. Leddy) replied that the terms of reference of the Drafting Committee call for submitting a text for weighted voting to the Second Session at Geneva and that this is the reason for the United States suggestions.

The SECRETARY (Mr. Lacarte) suggested that the formulas for weighted voting should be referred to Geneva as the minority view, and included in the Report of the Drafting Committee.

3. The Chairman's Proposals (à titre personnel) on Voting

The CHAIRMAN said that he had worked out a rotating scheme which would take into account both political and geographical representation. The Executive Board would be composed of fourteen members. Of these there would be five permanent members, (presumably the United States, United Kingdom, France, China, India) and three groups of four members each. Within each group three out of four members would be on the Board at one time; that is, only one year out of four is one member of the group out of office.

The three groups are

Group I	Group II	Group III
Canada	Belgium	Brazil
Australia	Netherlands	Chile
South Africa	Czechoslovakia	Cuba
New Zealand	Norway	Lebanon

Each group has three seats and the countries within each would be grouped according to geographical considerations.

If a new country entered and if it were of similar economic importance, the appropriate group would be enlarged to five members and would have four seats. The problem of weighted voting would thus

/be avoided

be avoided and the permanence or semi-permanence of the countries of chief economic importance of the Executive Board, assured.

To the SECRETARY'S question: how would permanent members be selected the CHAIRMAN answered that this would be done according to economic importance.

4. Canadian Suggestion

It was agreed to postpone the discussion of the Canadian suggestion until the arrival of the Canadian alternate.

5. Discussion of the Secretariat's Draft of Article 68

The CHAIRMAN asked the members of the sub-committee to express their views on the following question: should the permanent members on the Executive Board have the right to vote for the other members? CUBA, SOUTH AFRICA and GREAT BRITAIN answered in the negative. BRAZIL and CHILE were not prepared to answer.

The UNITED STATES Delegate pointed out that the five permanent members would in all probability not cast their votes in the same way and that therefore he would not voice an opposition against their voting. However he had no strong feelings on the subject. The FRENCH and BELGIAN Delegates concurred in this opinion.

The CHAIRMAN asked the delegates of Chile and Brazil to express an opinion without committing themselves, and asked the Secretariat to draft with the help of Mr. Kellogg a text in the negative, namely that permanent members should not vote.

The Committee then discussed paragraph 2 of Article 68 namely the determination of Members which are of "chief economic importance". The I.L.O. representative was asked what the provisions of the I.L.O. on this subject were. Mr. RIGGES stated that in practice the question of the determination of the countries of chief economic importance is not dealt with unless a country re-opens it. He recalled two instances when this happened. In 1934 when Canada had to give way to India as a permanent member of the Governing Body, and in

1939, when the question of replacing the U.S.S.R. came up. He stated that the question will be dealt with at the next meeting of the Governing Body in March.

The Committee then discussed whether "not less than five years" should be replaced by "as the occasion arises."

The Secretariat was requested to submit a new draft of Article 68 to the next meeting.

The meeting rose at 5:00 p.m. and the Chairman fixed the date of the next meeting to Monday, 27 January, 2:45 p.m.