

DRAFTING COMMITTEE OF THE PREPARATORY COMMITTEE
OF THE UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

SUMMARY RECORD OF THE FOURTH MEETING

SUB-COMMITTEE ON VOTING AND EXECUTIVE
BOARD MEMBERSHIP

Held on Wednesday 29 January 1947 at 2:45 p.m.

CHAIRMAN: Dr. Guillermo ALAMILLA

1. Corrections of Previous Summary Records

The Chairman stated that the Summary Record of the Third Meeting contained an error insofar as the draft of Article 68 which he had submitted to the Sub-Committee was referred to as a draft on the part of Cuba. This draft was his personal draft in his capacity as Chairman of the Sub-Committee and not in his capacity as the Delegate from Cuba.

The South African Delegate requested to change the word "should" on page 1, fifth line of the Summary Record of the Second Meeting to "might". Consequently, it should read "the basic vote might be smaller".

The Canadian Delegate announced that he would submit a correction with reference to one of his statements and requested to have this reproduced as a correction to the Summary Record.

The Belgian Delegate stated that on page 2, second paragraph of the Summary Record of the Third Meeting, it should read that Belgium supports the principle of election instead of the principle of rotation.

The Brazilian Delegate submitted the following correction of the Brazilian position as expressed on page 2 of the Summary Record of the Second Meeting (document E/PC/T/C.6/11):

/Disagreement

Disagreement with the United States Proposal was expressed by Brazil on the following grounds:

1. A question of substance and as such the Delegate reserved his position. Nevertheless,
2. The System of weighted voting of the Fund cannot apply to the International Trade Organization as there is no analogy. Weighted voting in the Fund is justified by capital contributions for operations.
3. Danger of the Fund intruding in the jurisdiction of the International Trade Organization.
4. Proposal would give major countries an undisputed majority and would secure their permanency in the Executive Board.

2. Working Papers Submitted to the Sub-Committee

The following working papers were submitted to the Sub-Committee:

- (a) A third Secretariat draft on Article 58;
- (b) A working paper of the Chairman on the division of Membership in the Executive Board into three groups;
- (c) A United Kingdom draft of Article 64 if weighted voting is adopted;
- (d) A statistical elaboration of the Brazilian draft proposal by the Statistical Division of the Secretariat.

3. The Chairman opened the debate on criteria for the rating of countries with regard to permanent seats on the Executive Board and suggested debate on the following criteria:

- (a) International trade;
- (b) National income;
- (c) Ratio of international trade to national income;
- (d) Population;
- (e) Voting system of the Fund.

/The Delegate

The Delegate of Canada suggested the adoption of an additional criterion namely, the amount of foreign lending.

The Executive Secretary (Mr. Lacarte) stressed that the ITO was to be a specialized agency for trade and that, consequently, the principal criteria ought to be related to foreign trade. He suggested the following criteria:

- (a) Total foreign trade;
- (b) Ratio of foreign trade to national income;
- (c) Ratio of foreign trade to population (foreign trade per capita).

The main criteria should be a country's share in global international trade, with the other factors as qualifying and correcting factors.

The Brazilian Delegate supported this proposal but suggested that the criteria should give due weight not only to the actual economic importance of countries but also to its potentialities. The ITO Charter should not try to perpetuate the presently existing economic importance of countries.

The Chilean Delegate seconded the position of Brazil and explained that there was no necessity for three groups of countries but that two groups would be sufficient. An over-rigid grouping into three categories would only complicate matters unnecessarily. Chile feels sure that even in a straight election the politically and economically most important countries under all circumstances would be elected to Executive Board Membership, regardless of statistical data, the same as would at any specific provision they will always be elected to the Economic and Social Council of the United Nations.

The Chairman elaborated on his working paper and explained the reasoning behind his proposal for three categories of countries.

The French Delegate observed that three countries in Group A might lead to difficulties because some countries might feel there should be

/four or

four or five countries in this group. The United States Delegate pointed out that the Chairman's proposal would be more favourable for small countries than proposals envisaging only two groups of countries.

The Executive Secretary (Mr. Lacarte) suggested that a debate on the grouping of countries for permanent and non-permanent seats should be conducted on the basis of statistical data which would clarify the relative position of countries in regard to the criteria which should be applied in determining permanent and non-permanent membership.

The South African Delegate moved to limit the debate to criteria on the basis of statistical data. Without such statistical data, the Sub-Committee could arrive at no valid conclusions.

The Sub-Committee agreed to confine the debate to the issue of which criteria should be selected for the purpose of obtaining the necessary statistical data from the Secretariat. The suitability of the following criteria for such a statistical table was consequently debated:

1. Share in international trade. This criterion was unanimously approved.
 2. National income. Even division of votes developed on this criterion with a number of countries objecting to this criterion on account of the unsatisfactory statistical data in regard to national income, so far in existence.
 3. Ratio of foreign trade to national income. For the same reasons as under (2), no consent was forthcoming for this criterion.
 4. Population. The majority of the Committee voted against the inclusion of population as an absolute criterion while the Committee unanimously approved the acceptance of population as a relative factor, with some Delegates preferring the ratio of population to national income and others the ratio of population to foreign trade.
- The Executive Secretary (Mr. Lacarte) announced that he had meanwhile

/contacted

contacted the Statistical Division of the Secretariat and that this Division is in possession of adequate figures for the computation of national income. In view of this announcement, the Sub-Committee resumed debate on the inclusion of national income as a criterion and agreed to include national income as one of the criteria on which the Statistical Division of the Secretariat should furnish statistical data.

Upon the motion of the Canadian Delegate, the Sub-Committee requested the Secretariat to furnish it with a table on the national income, the per capita international trade and the share in international trade of all Member nations of the United Nations and all those other countries on which the necessary data were available.

It was agreed that in addition to these data, the table should provide for an additional column in which each country's share in international trade is to be computed on the basis of twenty points per billion dollars, national income on the basis of two points per billion dollars and international trade per capita on the basis of one point per fifty dollars. The United States Delegate requested the inclusion of a column showing per capita national income, and the Brazilian Delegate requested the inclusion of a column based on the population factor of the Brazilian draft of Article 68.

The meeting was adjourned until Friday, 31 January 1947, at 2:45 p.m.