The second meeting of Committee V of the Preparatory Committee of the International Conference on Trade and Employment, took place at 3 p.m. in Convocation Hall, Church House, Westminster, on Friday 25 October 1946.

The Secretary, Mr. Bruce Turner, understood that certain delegates would like copies of the Charter of the United Nations, together with the Constitutions of certain specialized agencies which have already been set up. He would circulate these documents, but regretted that a certain number of them were not yet available in French.

In reply to a question by Mr. Schwenzer (United States) as to whether the technical assistants present at the Committee would be entitled to speak, the Chairman assumed that the Committee would be prepared to follow arrangements made in the other Committees, under which technical assistants were entitled to speak should they be called upon to do so.

In the absence of any comment, the agenda as submitted by the United States delegation at the first meeting was accepted provisionally on the understanding that it could be amended or added to at any time at the pleasure of the Committee.
The CHAIRMAN briefly reported the remarks he had made the previous day at the Meeting of Heads of Delegations with reference to the form in which the work of Committee V might ultimately emerge. Since no objection was expressed to the suggestions made as to the manner in which the work of the Committee might be arranged, the CHAIRMAN proposed that, in accordance with the procedure outlined in Document E/PC/T/C.V/4, the Committee should first take up item 7 of its Provisional Agenda, relating to the Secretariat. He thought that better progress would be made if the Committee were to bear in mind that all decisions at this stage were of a provisional nature.

Mr. MULIK (India), referring to Article 69 of the suggested Charter, thought that the appointment of the Deputy Directors-General might, in view of their great responsibility, be subject to the approval of the Executive Board.

Mr. COLBAN (Norway) drew attention to the fact that the United Nations were setting up many new international organizations, each with large secretariats. It would be helpful to know whether proper provision was being made for the necessary co-ordination of the activities of these various secretariats. Lack of such co-ordination was liable to involve governments in unduly heavy expenditure through unnecessary duplication and overlapping of secretariat services and activities. He would be glad, therefore, if the Secretariat could give the Committee as much information as possible as to the extent to which such co-ordination had been provided for in the case of those international secretariats already established or in the course of establishment. The importance of ensuring the fullest possible co-ordination between the International Trade Organization and the Economic and Social Council itself, was also stressed. Steps which the Council might be taking at a high level to deal with problems similar to those with which the ITO will be confronted was a consideration wh
should be borne in mind in this connection. With reference to the status of the Deputy Directors-General, he would be inclined to give the Director-General a more decisive position than that provided for in the United States Draft. It would be sufficient if the Secretariat were to consist of "a Director-General and such staff as may be required".

Mr. Plante (Canada) saw certain difficulty in the application of Article 69, as under paragraph 2 the Deputy Directors-General might be led to feel that their powers were derived from the Charter rather than from the Director-General himself. The difficulty might be met by adding the words, after the provision for appointment by the Director-General (Article 69, par. 1), "and responsible to him." Alternatively, specific reference to the Deputy Directors-General might be omitted, the Director-General merely being authorized to appoint deputies to represent him on Commissions or for such other purposes as he saw fit.

Mr. Erskine (Australia) strongly supported the views expressed by the Delegate from Norway. His Government hoped to see very much closer relationship between the economic section of the United Nations Secretariat and the Secretariat of the ITO than now exists between the United Nations, on the one hand, and such specialized organizations as the Fund and the Bank on the other. The risk of inconsistent policies being pursued would be greatly increased if organizations having related responsibilities, set up secretariats entirely independently of each other, particularly if they are separated geographically. He was also impressed with the difficulty of finding adequate staff for these different organizations. Since only a very limited number of individuals are available, it seemed desirable that they should be used as much as possible by each organization. While in the main, the Secretariat of the ITO would function independently, some of its personnel, particularly those concerned with more general subjects, might in practice be freely interchangeable with the central Secretariat of the United Nations.
Mr. HOUTMAN (Belgium-Luxembourg) considered that there were two possible concepts of Articles 67-69: either there might be a Director-General with very wide powers in which case there should be fewer Deputy Directors-General — perhaps two would be sufficient, one speaking French and the other English. Alternatively, there should be several Deputy Directors-General who would be the intermediaries between the Director-General and the different Commissions at least four of which were now envisaged.

Mr. PALTHEY (France) supported the views expressed by the Norwegian and Australian Delegates. He was of the opinion, however, that the question of Secretariat organization should be deferred until the probable structure and functions of the organization and its Commissions were more definitely determined. He felt that the Committee should first take up the question of relationships between the ITO and other international agencies including particularly the Economic and Social Council and the International Monetary Fund. He did not believe that sufficient progress had been made in the other committees to provide a framework within which Committee V could consider at this stage other aspects of its Agenda. As regards Article 67, he agreed with the previous speakers who had suggested that any reference to the number of Deputy Directors-General should be omitted. It would be sufficient if the Charter provided for a Director-General and a certain number of Deputy Directors-General assisted by the necessary staff.

Dr. MAUDE (South Africa) considered it impossible to come to any conclusion now about the number of Deputy Directors-General required. He submitted that the question of co-ordination of inter-secretariat activities depended to a large extent on where the organization would have its headquarters.
Mr. DAO (China) was in general agreement with the views expressed as to the number of Deputy Directors-General. Until the Organization had been set up, it would be hard to envisage the amount of work involved. He suggested that the Charter should provide for the maximum amount of flexibility in this connection. With reference to Article 68, he thought it advisable to leave the question of the eligibility of the Director-General for reappointment for subsequent determination when his term of office has been decided. He also drew attention to the fact that no provision was made in Article 70 for due regard being paid to the question of equitable geographical distribution in the selection of staff - a consideration which had figured prominently in the United Nations Charter.

Mr. SCHLENGER (United States) in answer to the points raised, said that his Government was deeply concerned with the question of the co-ordination of the various organizations which had been or were to be set up, and discussions on the subject were now taking place in New York. He added that the reference in Article 67 to three or more Deputy Directors-General was linked up with paragraph 2 of Article 69, and was designed to ensure that the Secretariat should be organized in corresponding fashion to the work of the various Commissions, so that each of the Commissions could be directly in touch with a responsible official of the Secretariat. His delegation, would, however, be quite prepared to consider an alternative wording.

Mr. COLEBAK (Norway) was uneasy at the idea of Deputy Directors-General being put in charge of each of the Commissions. This might tend to lessen the responsibility of the Director-General to whom there should normally be ready access. He felt it would be best to leave it to the Director-General to arrange his staff according to his own views and in the light of experience. This was the manner in which the Secretariat of the League had been organized with
notable success. Subject to possible reconsideration, he considered that the second paragraph of Article 69 might be omitted and the formula suggested by the French delegate provisionally accepted.

Mr. PIERCE (Canada) was wholly in favour of the fullest co-ordination of the various international secretariats for the purpose of securing resultant economies in money and personnel, although it was impossible to determine here and now to what extent this co-ordination could be effected. On the other hand, he did not think it would help in the least for the Committee to defer its discussion until the reports of the other Committees were available. It appeared to him that the points raised could be met by leaving the position flexible, following the example of the United Nations, and giving the Director-General full authority and ample scope to meet the uncertain requirements of the future, at the same time instructing him to have the closest regard for the possibility of co-ordination with the secretariats of other international organizations.

Mr. VAN TUYLL (Netherlands) stated that it was at present impossible to foresee the amount of work which will fall to the lot of the new organization; and that provisions relating to staff and secretariat arrangements should therefore be as flexible as possible. He endorsed the idea that there should be a reasonable measure of centralization as between the United Nations and specialized agencies with respect particularly to staff concerned with conferences and general services. The difficulties which had been mentioned would be satisfactorily met if the Director-General were authorized to appoint his staff in accordance with regulations approved by the Conference and if the Conference were to instruct him to maintain contact with the Secretary-General of the United Nations in the matter of appointments.
Mr. MALIK (India) supported the Delegate from Canada in his desire to proceed with the task of deciding how the Secretariat of the ITO should be organized. His delegation would also strongly support the views expressed concerning the necessity of co-ordination. It might be possible to refer this matter to the appropriate body of the United Nations which, he understood, already had the matter under consideration. He also strongly supported the view put forward by the Delegate of China in connection with the need for equitable geographical representation in the Secretariat staff. He quite agreed that efficiency came first, but, especially in the higher grades of the Secretariat, adequate geographical representation should be assured.

Mr. CLINKARD (New Zealand) thought that the discussion had been interesting and instructive, but that, as it was not yet known precisely what shape the future organization would take, it was too early to enter into any very great detail.

Mr. SCHIENGER (United States) in answer to a question from Mr. BURY (Australia) as to the use of the word "may" as opposed to "shall" (in the second sentence of Article 72, relating to appointment of personnel without regard to their nationality), replied that it had been desired to give the maximum amount of freedom to the Director-General whilst at the same time establishing the principle which this particular sentence was designed to express.

Mr. MERINO (Chile) entirely agreed that there should be co-ordination between the international secretariats. With regard to the desirability of equitable geographical distribution, he suggested that paragraph three of Article 101 of the Charter of the United Nations be added to Article 70 of the suggested ITO Charter. This would meet the points raised by the Delegates for China and India.
Mr. HOUTMAN (Belgium) suggested that the point was already covered by paragraph two of Article 70. Adoption of the proposal made by the Chinese and Indian delegations, he considered, would be inconsistent with the wording and spirit of Article 72 of the United States text.

The representatives of India, China and Norway expressed disagreement with the views of the Belgian representative and urged that the full text of paragraph 3 of Article 101 of the United Nations Charter should be incorporated in any draft ITO Charter. As a condition to which all member governments had agreed it should be given general application, it was argued, to all United Nations organizations.

Mr. SCHWENGER (United States) explained that there was no intention on the part of those responsible for drawing up the United States Draft Charter of departing from the principle contained in Articles 100 and 101 of the Charter of the United Nations. Article 70 of the United States text dealt only with members of the Secretariat. Article 72, however, applied to two separate groups of personnel:

(a) to Secretariat members and

(b) to members of the various Commissions to be created.

He added that it was also intended to emphasize as strongly as possible the paramount consideration of securing the highest standards of efficiency, competence and integrity. At the same time, it was the feeling of the United States delegation that having regard to the international character of the organization and its relations with Member States, a representative selection of Secretariat personnel would certainly be assured. It might be that consideration should be given during the drafting stage to the manner in which the provisions in the United Nations Charter regarding geographical representation could be incorporated in the draft ITO Charter without seriously modifying its present general arrangement.
Mr. PIERCE (Canada) suggested that in connection with Article 68, paragraph 1, it would be wise to permit the Conference if it should find it advisable, to delegate the power of appointing the Director-General to the Executive Board. He further suggested that consideration should also be given to the possibility of having the Director-General act as ex-officio non-voting Chairman of the Executive Board. This would involve a modification of paragraph 2, Article 68 and of paragraph 2 of Article 59.

Mr. BURY (Australia) supported the latter proposal of the Canadian Delegate but was of the opinion that there should be no delegation by the Conference with respect to the appointment of the Director-General, particularly if his authority was to be enhanced by making him ex-officio Chairman of the Executive Board.

Mr. HOLMES (United Kingdom) thought that the question whether the Director-General should be ex-officio Chairman of the Executive Board required consideration. As a servant of the organization, it might not always be very appropriate for him to assume this function.

He would also like to know why, in paragraph 1 of Article 71, agreements were to be concluded by the Director-General and approved by the Conference, whereas in paragraph 1 of the same Article, arrangements were to be entered into by the Executive Board.

Mr. SCHWENGER (United States) asked permission for his alternate, Mr. KELLOGG, to reply to the point raised by the delegate from the United Kingdom. Mr. KELLOGG replied that paragraph 1 of Article 71 referred to formal documents in the nature of treaties concluded between the United Nations and the Organization, approval of which by the Conference was essential. Paragraph 2 and the following paragraph referred to less decisive and less formal arrangements with other specialized organizations having related responsibilities, which merely involved day to day working relationships. In reply to the points raised by the delegate for Norway concerning Article 69, he agreed that it
might be possible to interpret the provisions of this article as in some sense limiting the powers of the Director-General. The object, however, had been precisely the reverse; without paragraph two, as it stood, the Commissions, and similar bodies, would be operating without any direct formal relationship with the Secretariat. It was felt that the Director-General should, under the Charter, have the right to be authoritatively represented in the Commissions, through Deputy Directors-General appointed by him.

Mr. COLBijn (Norway) agreed with the views of the United Kingdom Delegate regarding the possibility of the Director-General presiding over the Executive Board. He explained that in suggesting the omission of paragraph 2 of Article 69, he had in mind a slight alteration of paragraph 2 of Article 68 by including a reference to meetings of Commissions as well as to meetings of the Conference and Executive Boards.

Mr. HOUTUL (Belgium-Luxembourg) proposed that in order to avoid any possible contradiction between paragraphs 1 and 2 of Article 71, the agreement to be concluded by the Director-General with the United Nations should be subject to the approval of the Executive Board as well as of the Conference. He inquired why special emphasis was apparently laid on food and agriculture in paragraph 2 of Article 71 and suggested that relations between the ITO and the International Monetary Fund should be given equal recognition.

The UNITED STATES representative replied that Chapter VI of the Suggested Charter dealt with Commodity arrangements and it was felt that considerations associated with the problems of food and agriculture were closely bound up therewith and that there should, therefore, be a specially close relationship between FAO and the work of the Commodity Commission.

The representative of CHINA agreed that if the Charter were to make special reference to FAO similar reference should also be made to the Bank and Fund.
In reply to a question from Mr. DAO (China) Mr. KELLOGG (United States) stated that the "specific tasks" referred to in paragraph 3 of Article 71 covered such studies and researches as certain non-governmental organization might conveniently undertake at the request of the organization. In reply to a further question as to the purpose of paragraph 4 of Article 71, the United States representative explained that there were in existence certain international inter-governmental organizations whose work in the field of trade might be taken over by the new ITO. He instanced as examples though without necessarily implying that such organizations would be absorbed, the Bureau for Publication of Customs Tariffs at Brussels and the organization concerned with trade-marks with headquarters at Berne.

The CHAIRMAN stated that he had allowed the discussion to range over a wide field so that the delegates could express their opinions freely. In order to expedite consideration of the various points that had been raised, he proposed that the Secretariat be instructed to sort and assemble the various suggestions that had been made, so that they might be put on the Agenda for the next meeting. The Committee could then take them up, one by one, in relation to the various paragraphs of the suggested Charter.

Mr. CLINKARD (New Zealand) urged that discussion of detail be avoided and that the Committee endeavour, while the other Committees were sitting, to view the position as a whole. He suggested that the Committee should go through its Agenda as rapidly as possible concentrating on those items on which some progress might be made and avoiding discussion of details in view of the fact that it would be necessary to go over its work again when the other Committees are finished.

On the suggestion of the CHAIRMAN, it was agreed that the next meeting of the Committee should be held as early next week as could be conveniently arranged.