DRAFTING COMMITTEE OF THE PREPARATORY COMMITTEE OF THE UN \nUNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

Summary Record of Seventh Meeting

ADMINISTRATIVE SUB-COMMITTEE

Held on Tuesday, 4 February 1947 at 2:45 p.m.

Chairman: Dr. Guillermo Almilla

1. Discussion of Article 68, Alternative Draft on the Basis of Two Categories

Paragraph 1. The Committee discussed the draft of Article 68 on the basis of two categories of Board Membership. The Delegate of CHILE referred to difficulties which might arise from abstentions of voting in the Conference, and the Committee, after debate of the issue, agreed that abstentions should not be taken into account.

The Committee approved Paragraph 1 with a number of minor drafting amendments.

Paragraph 2. The Delegate of the GREAT BRITAIN raised the question of the duration of the appointment of permanent Members and the Chairman explained that replacement of Members of chief economic importance may take place in any one year on the basis of the determination procedure formulated in Paragraph 2. The Committee approved Paragraph 2 with a number of minor drafting amendments.

Paragraph 3. The Committee debated the difficulties in obtaining adequate statistical data in the first determination of economic importance. A number of Delegates reiterated arguments which had been advanced previously with regard to the difficulty of obtaining statistical data in regard to national
national income. The Committee finally agreed to use the average of the
figures for 1937 and of the last year immediately preceding the first
election and also concurred in the opinion that for the second election the
average of 1947 and 1946 figures could be considered if for any country no
adequate data should be available for the year 1946. The Committee approved
Paragraph 3 with these qualifications.

The SOUTH AFRICAN Delegate pointed out that in the statistical tables
elaborated by the Secretariat, gold exports had not been included and that
the table should be accordingly corrected.

Paragraph 4. This Paragraph was approved by the Sub-Committee and the
Sub-Committee clarified that with regard to advisers, mentioned in this
paragraph, it should be left to the rules of procedure of the Executive
Board to define their exact position on the Executive Board.

2. Discussion of Article 66, Alternate Draft on the Basis of Three
Categories.

Paragraphs (a) and (b) were provisionally approved with minor amendments.
With regard to Paragraph (c), the Sub-Committee discussed the question whether
this paragraph provided a sound mathematical formula for rotation especially
with regard to countries who would lose their place in one category after a
short period, especially whether a ratio of six to six to six for each
category would be preferable to a ratio of seven to five to six in taking
account of problems which might arise when countries transfer from one
category into another category. The Committee decided to retain the original
distribution of seats with seven in the first, five in the second and six
in the third category.

Sub-paragraphs (b), (c), (d) and (e). The following text of paragraph
(b) was approved:

"The seven Members with the highest rating as determined every
/three years
three years in accordance with the provisions of sub-paragraph (a) above shall have seats on the Executive Board for the next three-year period."

The UNITED KINGDOM Delegate proposed the following formulation for sub-paragraph (c):

"The Conference, excluding the seventeen Members referred to above under sub-paragraphs (b) and (c), shall elect one additional Member of the Board for every three Members participating in the election under this sub-paragraph, provided that such additional seats shall never exceed six."

The Sub-Committee appointed an ad hoc drafting group consisting of the Delegates from CANADA, UNITED STATES and UNITED KINGDOM to elaborate in cooperation with the Secretary a new text of the alternative draft Article 68 based upon divided seats into three categories. Paragraph (c) of the new draft is to be based on the UNITED KINGDOM formula and the draft should include provisions for the first election in conformance with those decided upon by the Sub-Committee in the "two category draft", and the general rule of non-eligibility for immediate re-election.

3. Weighted Voting.

The UNITED KINGDOM Delegate explained that her country would prefer an alternative which combines weighted voting on the basis of the UNITED KINGDOM formula with a small number of permanent seats on the Executive Board.

The UNITED KINGDOM Delegate also expressed that the UNITED KINGDOM preferred weighted voting in the Conference whereas the Executive Board should arrive at its decisions on the basis of "one vote - one country".

The Sub-Committee debated whether, in case of any weighted voting, the total votes of any country should have to be used in one single bloc or whether they could be split up. The Sub-Committee decided that in the case of weighted voting, all votes of any Member should have to be used in a single bloc.

/In discussion
In discussing the basic vote of 100 used in the UNITED KINGDOM formula for weighted voting, three principle opinions were advanced: one group of countries, especially FRANCE and the UNITED STATES were of the opinion that any basic vote would tend to underrate the real differences in the other economic factors used in the weighted formula. If weighted voting is to be considered, it should be based on the real significance of economic differences. CANADA held that a basic vote of 100 was much too high but that a certain basic vote should be retained.

The NETHERLANDS Delegate explained that the quasi-judicial nature of the International Trade Organization should exclude weighted voting in the Conference because the power of the economically most important countries to out-vote the rest of the countries in addition to their permanent seats on the Executive Board would render the Organization completely undemocratic and would arouse justified resentment on the part of the economically less important countries. If any weighted voting should be envisaged, it should be in terms of a very high basic vote such as proposed in the UNITED KINGDOM formula.

The UNITED STATES Delegate observed that the Sub-Committee was obviously so strongly split on the issue of the high or low basic vote in the case of weighted voting, that no purpose could be served by further debate in the Sub-Committee. He, therefore, proposed, and the Sub-Committee agreed, to transfer the debate on weighted voting to the Drafting Committee. The Sub-Committee also agreed that in presenting its findings to the Drafting Committee, the first alternative of Article 68 in the London draft should be presented as the first alternative, then in sequence, the various alternatives elaborated and approved by the Sub-Committee.

The Delegate of BRAZIL inquired whether the Brazilian draft of Article 6 should be reported out as a Sub-Committee draft, and the Chairman ruled that /it would
it would have to be debated and carried by a majority of the Sub-Committee to be reported out as a Sub-Committee draft.

A debate ensued whether Delegates should be entitled to submit their own drafts to the Drafting Committee under all circumstances also if they were agreed on compromise formulas worked out by the Sub-Committee. The Secretary (Mr. Korican) suggested as a solution that it should be understood that Members of the Sub-Committee could endorse compromise formulas, elaborated by the Sub-Committee, in their quality as experts and Members of the Sub-Committee without prejudice to their right to submit different individual drafts on behalf of their governments.

The BELGIAN Delegate expressed his readiness to withdraw the BELGIAN draft of Article 68 (E/T/C/T/C.6/W.48), provided "the three categories formula" were to be adopted and no other Member of the Sub-Committee would submit individual drafts. The BRAZILIAN Delegate wished the record to show that BRAZIL originally had understood that their draft was to go to the Drafting Committee as a Sub-Committee proposal regardless of discussion and approval in the Sub-Committee, and that he wished to reserve his final decision on the BRAZILIAN draft pending receipt of instructions from the senior Delegate of BRAZIL.

The Sub-Committee agreed that no compromise draft on weighted voting should be elaborated and submitted to the Drafting Committee and that the UNITED KINGDOM should submit its formula for weighted voting to the Drafting Committee as her individual draft.

The CHAIRMAN stated for the record that the correct name of the Sub-Committee is Administrative Sub-Committee and not Sub-Committee on Executive Board Membership and Voting.

The Sub-Committee adjourned for Friday, 7 February 1947 at 2:45 p.m., and it was agreed that the agenda of the next meeting should be devoted to a further debate on weighted voting and to consider Article 72 (f.f.) of the Charter. The CHAIRMAN asked the Delegates to submit their draft proposals for Article 75.