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UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

PREPARATORY COMMITTEE
of the
INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT.

Verbatim Report
of the
THIRD MEETING
of
COMMITTEE V
held at
Church House, Westminster, S.W.1.
on
Tuesday, 29th October, 1946,
at 10.30 a.m.

CHAIRMAN: MR. LYNN R. EDMISTER (U.S.A.)

(From the Shorthand Notes of
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Westminster, S.W.1.)

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THE CHAIRMAN: Gentlemen, the agenda for this meeting includes as a first item further consideration of any comments and suggestions that have been made or that may be made further today with reference to Items 7, 8a and 8b of the provisional agenda. Following that, we will take up as the second item on the agenda this morning a discussion of Items 8c, 8d, 8e, 8g, 8h and 8i of the provisional agenda.

With respect to the first item, namely, the further consideration of Items 7, 8a and 8b, I should like to say that after having given the matter of our future procedure further thought in the light of the statements made during our last meeting, I have a proposal to make to the Committee, which I hope will appeal to the members of the Committee.

First, that instead of attempting to dispose of all of the suggestions made during our last discussion in full Committee, I propose that the summary which has been prepared by the Secretariat be referred immediately to a sub-committee, whose task it would be to examine them in detail in relation to the United States text Charter, with a view to reconciling them as far as possible in a compromise draft, which they would report back to this Committee for its consideration and approval. I am confident that most, perhaps all, of the views expressed at our last meeting - views on the Secretariat and on the problem of relations between the I.T.O. and other international organizations - can, without too much difficulty, be adjusted to the satisfaction of all delegations who have expressed themselves on these subjects. This process of reconciliation might be greatly simplified if undertaken in the first instance by a small but adequately representative ad hoc Committee. I mean by that an ad hoc Committee set up for that particular purpose, and that would not prejudice

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the set^{ting} up and constitution of a further ad hoc committee at some other time to deal with our further discussion of later topics on our Agenda. I shall have a proposal to make as to the Constitution of such a sub-Committee should the Committee agree with this procedure.

Secondly, I would suggest that with reference to Articles 67, 68, 69, 70, 71 and 72 of the United States Draft Charter, which are those which we discussed at our last meeting, any Delegation which may have further comments of general or specific nature, which it desires should be taken into account by this proposed sub-Committee, should be afforded an opportunity now of making such comments.

Thirdly, I would suggest that the Committee then proceed to a discussion of the remaining provisions of Section G of the United States' document which appear on the Committee's Order of Business as provisionally accepted at our last meeting. I mean on the Order of Business which was provisionally accepted, namely, Article 73 on Legal Capacity of Organisation, Article 74 on Privileges and immunities of Organisation, Article 75 on Amendments to Charter, Article 77 on Contributions of Members, Article 78 on Entry into Force and Article 79 on Withdrawal and Termination. This discussion will be similar to that which took place at our last meeting; that is to say Delegates will be free to make either general observations or such specific comments as they may desire. It will be helpful, however, if so far as practicable attention can be concentrated on one Article at a time and if such general observations could precede more detailed comment. At the end of the debate on these items of the Agenda the Secretariat would again prepare a summary of the points made for initial reference to a sub-Committee which I suggest would then be set up for this additional material on the Agenda which I am proposing we should take up to day. I have in mind that the sub-Committee which we set up at the end of our meeting this morning would have the task of covering both that and what was discussed at our meeting on Friday.

Would this line of procedure be agreeable to the Committee?

In the absence of any comments, I take it that that suggestion is agreed to. The next item, then, would be the continuation of the discussion on items 7, 8b and 8a, which were discussed the other day, if anyone wishes to discuss them further at this time.

Mr. HOLMES (UK): Mr Chairman, might I go back to Article 71.

I am not quite sure whether we dealt with it finally, though I admit that I raised a point in connection with it, rather incidentally. I would like to ask whether the second paragraph of Article 71, with its special reference to one particular aspect of international organisation with which the I.T.O. should co-operate, need be regarded as necessarily in its final form. Is there, for instance, any particular point in singling out food and agriculture as particularly important as a field for co-operation by the Organisation? Would not it be better just to leave out those words "with particular reference to the importance of food and agriculture in relation to the subjects dealt with in Chapter VI"? I can see that there might be all sorts of other candidates: if you mention one particular thing, there would be other people who were interested in special things who would ask for them also to be specially mentioned.

THE CHAIRMAN: The point which the Delegate from the United Kingdom raises is one which was raised the other day, which I take it he wishes to have considered further this morning. Does anyone wish to comment on this point?

Mr PIERCE (Canada): We would agree, Mr Chairman. It seems to us that the wording "shall co-operate with other international organisations whose interests and activities are related to its purpose" is sufficiently broad to cover the situation, and that you either go on from there and spell out every organisation, or you leave it at that.

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THE CHAIRMAN: I hope that any delegate who wishes the floor will not be at all hesitant about putting up his hand or putting up his country's name, because it is rather difficult for me to see far down the line, and I do not wish to slight anybody.

Mr. VAN TUYLL (Netherlands): I support the proposal of the delegate of Canada, Mr Chairman.

THE CHAIRMAN: Then I suggest that the Sub-committee be instructed to take this point into consideration.

Mr. SCHWENGER (USA): Mr Chairman, I assume it is taken for granted that they will also take into consideration the discussion we had on the same point the other day. I refer only to the underlining that I think I did of the extremely close relationship between the work of the Commodity Commission, as it is provided for in Chapter VI and the work that has been set out for the Food and Agriculture Organisation by its Charter. It is not merely a matter of having interests and activities that are related: it is having interests and activities that interlock perhaps.

Mr BURY (Australia): Mr Chairman, in support of Mr Holmes, I would like to suggest that before the I.T.O. is formed, we should hope to see equally close relations between some body within I.T.O. and the Economic and Employment Commission of the United Nations. There is also provision for obviously close interlocking with the Monetary Fund and the Bank, and in connection with the possible chapter on industrial development there will be further bodies there with which co-operation would be close; and I should regard it as quite impossible really to single out one, because at this stage of the Charter the linking happens to be rather closer perhaps with F.A.O. than with any other. But already there is the Monetary Fund and the Bank. At least the Monetary Fund is specifically mentioned, and this list would inevitably grow.

Mr DAO (China): Mr Chairman, at the last meeting we suggested that if particular reference were made to F.A.O., the Bank and the Fund might be included in this reference; but we are equally satisfied

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with the proposal of the United Kingdom delegate to delete this particular reference, and also we agree with the wording just suggested by the United States delegate.

THE CHAIRMAN: Any further comments on this point? I take it then that this will be submitted to the sub-committee for further consideration and for returning with an agreed draft if it is possible.

Are there any further comments on the sections which we discussed the other day and which we are resuming this morning?

MR. PIERCE (Canada): One point, Mr. Chairman, which we might ask the Drafting Sub-Committee to have a look at, and that is the question of the safeguarding or the transfer of pension rights and other acquired benefits. When a Civil Servant leaves the service of his country and goes to the international organization I think it most important that those rights either be safeguarded or transferred. It would make it very difficult to get a good staff unless we do make provision. I do not know whether it should come under Article 70 or some other Article. I think perhaps it should come under Article 70, and the Sub-Committee might consider a paragraph which would instruct the Director-General to explore the matter with the United Nations organizations and impose on the members some obligation to co-operate in that regard.

THE CHAIRMAN: The Secretary wishes to comment on that.

THE SECRETARY: Mr. Chairman, with the permission of the United States delegate can I just draw attention to para. 2 of Article 70, which says: "The conditions of service" etc "shall be fixed, so far as practicable, in conformity with those for members of the Secretariat of the United Nations..." It so happens that this question of common pension rights has been under very active consideration by the United Nations. A very detailed scheme has been actually formulated by a body of experts. That scheme

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provides, among other things, for transfer of pension rights on the part of people coming into the employment of the United Nations or of any specialized agency which chooses to come within the framework of the scheme. The proposals are, I believe, under consideration by the Assembly at their current meeting.

I would only add, in reference to the discussion the other day about co-ordination, that this is one field in which co-ordination of activities between the United Nations and the specialized agencies is proceeding very rapidly indeed. There have been quite a number of conferences between the United Nations and various other organizations so far brought into relationship, and it looks at this moment as though it will be possible to set up a common Pensions Fund with centralized administration, in which this matter of transfer and of protection of pension rights, among others, will be adequately taken care of.

MR. COLBAN (Norway): Mr. Chairman, I understand that we are also now discussing Article 72, and there I would have a small drafting amendment to make. It is said in the 4th line, "These persons may be appointed without regard to their nationality". It might be desirable to add "from among nationals of the members of the organization", in that way confining the choice to nationals of the members of the organization. It is perhaps superfluous, but it would not do any harm to point it out, and I think that the United Nations Assembly has adopted an almost similar rule.

MR. PALTHAY (France) (Interpretation): Mr. Chairman, I want to apologise for going back to Article 70 and the proposal made by the delegate of Canada. I am entirely content

with the explanation made by the Secretariat, and I would even say, bearing upon the second paragraph of Article 70, concerning relations between the United Nations and the staff, that this should be done away with, because it will be taken up again in the contract with the United Nations and no such formal stipulation should appear in the Charter itself.

As regards the proposal made by the Norwegian delegation, I fully agree with it and I see no objection to adding these words or provisions.

MR. BURY (Australia): Mr. Chairman, I would like to suggest that the conditions of recruitment and service for the staff of the I.T.O. should be exactly similar to the ones for the United Nations Secretariat, unless some special reason can be adduced in special cases for departing from it. For instance, as the delegate of Norway pointed out, if a member of the United Nations is not a member of the I.T.O. it would perhaps be good ground for barring its nationals from serving I.T.O., but other than for special reasons I would suggest they should be exactly the same, with the greatest possible facilities for interchanging staff with the United Nations and with the other specialized agencies.

MR. PIERCE (Canada): Mr. Chairman, as I understand the suggestion of the delegate of Norway, the staff could be recruited only from members of this organization and not from members of the United Nations. Now this organization is much smaller now and might remain much smaller than the United Nations. You could not get interchange, of course, if you carried that out. I wonder whether it would not be better to give a preference to members of the organization, but not necessarily exclude others. There might be conditions where a very good technical man is available from a member of the United Nations, but not a member of this organization.

MR. COLBAN (Norway): Mr. Chairman, in principle I see no objection to the proposal of the delegate of Canada, but this shows how terribly difficult it is to discuss the Secretarial matters as long as we do not know how the whole organization will look. To my mind the organization will not be a reality ^{unless} it is, not universal, but at any rate comprising a very great number of the same States as are members of the United Nations, so from my point of view it is immaterial whether you say "nationals of the States, members of the United Nations" or "members of this organization", but I agree with the delegate of Canada that to be on the safe side we ought to give a preference to nationals of the members of this organization.

MR. SCHWENGER (United States): Mr. Chairman, on this point I think it might help to say that we considered this point at some length and sympathise with the point of view expressed. I think perhaps the formula suggested by the delegate of Canada is one that we did not consider, and it would perhaps have been adopted if we had, but we did feel it was desirable to leave free the possibility in exceptional cases of picking even members of non-United Nations, and I believe that at this Conference, if I am not mistaken, we do have a member of the Secretariat picked by the United Nations who is not a member of the United Nations and comes from a country associated with that of the delegate of Norway, so that the desirability of permitting that exception to be made is illustrated by our own meeting.

MR. DAO (China): I have two points to make, Mr. Chairman, in regard to Article 70, the Secretarial Staff. We are all more or less agreed that there should be proper co-ordination between the various Secretariats of the United Nations. The information furnished by the Secretariat is very helpful,

but may I suggest for the consideration of the Drafting Committee that a clause similar to that adopted by UNESCO, to the effect that "Nothing in this Article shall preclude the organization from entering into special arrangements with the United Nations organization for common services and staff and for the interchange of personnel", might be considered as an additional clause to Article 70? I believe that such a clause would meet the wishes of a large number of the delegates here.

The second point is related to the first sentence of para. 1: "The Director-General shall appoint the staff of the Secretariat and fix its duties and terms and conditions of service". We suggest that a phrase might be added to the sentence: "in accordance with the regulations approved by the Conference."

THE CHAIRMAN: Are there any more comments on the sections of the Charter which we are discussing under Item 1 of our Agenda?

MR. HOUTMAN (Belgium) (Interpretation): Mr. Chairman, I have a very general remark to make. That is why I reserved it for the end of this discussion. I wish to thank very much the State Department of the United States for having provided a translation of the proposed Charter, especially as it is very useful for countries like mine, which are used to expressing their thoughts in the French language. However, I have a few remarks to make about that translation. It is not always entirely satisfactory as regards the terminology and some expressions in it should be revised. I would quote a few examples. In Article 71, the beginning of the first paragraph, in the French version it says "L'Organisation devra être reliée aux Nations Unies", which should read "...devra être rattachée", (and there are a

for other examples in French which I do not think it is necessary to translate). The Belgian delegation would make certain reservations about this translation and would wish that the text be revised.

MR. HOLMES (United Kingdom): Mr. Chairman, might I refer to Article 75 - or have we not got to it? It comes under 8e.

THE CHAIRMAN: I am sorry. We are coming to that in a moment, but I am not sure we have concluded the first item on our agenda. That would be in the second half of our morning's work, I think, and I want to be sure we have concluded the first half.

MR. BURY (Australia): Mr. Chairman, I should like to make one very general remark about Article 68 in connection with the Annual Budget. It is only to say that we would hope for the maximum integration of the budget arrangements of I.T.O. with those of the United Nations.

THE CHAIRMAN: If there are no further comments on the first part of our agenda this morning we will now proceed to the second part. The delegate of the United Kingdom had started to bring up a point in connection, I believe, with Article 75. I certainly wish to provide an opportunity for him, but I wonder whether it would not be preferable to start in the order of the discussion, and when we come to Article 75, that he would be willing to bring up his point at that time?

MR. HOLMES (United Kingdom): Yes.

THE CHAIRMAN: If that is agreeable, we will then pass to Item 8e of the agenda, on the Legal Capacity of the Organization, which is Article 73 of the draft Charter.

In the absence of comments I take it this Article is agreed to.

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The next item is Article 74, 8d of our Agenda,

Privileges and Immunities of the Organization.

MR. PALTHEY (France) (Interpretation): With regard to

Article 74, I wish to ask the Committee if they

would not think it useful to provide that the staff,

especially the chief members of the staff, should

enjoy special privileges, and especially diplomatic

privileges?

Mr SCHWENGER (USA): I wonder if the comment from the delegate of France does not depend to some extent on discussions that are now going on in connection with the personnel of the secretariat of the United Nations, and if we ought not to anticipate that the outcome of those discussions would be applied to the personnel of this Organisation. I do not know whether the Secretary has anything that he can tell us about that.

THE CHAIRMAN: The Secretary wishes to say a word.

THE SECRETARY: Mr Chairman, in response to the delegate from the United States, it is ^a fact that negotiations are proceeding between the United Nations and the United States, as host Government, and other member Governments, covering the whole question of amenities and privileges not only for the United Nations but as a consequence also for other specialised agencies. The Secretary General is under instructions from the Assembly to consult with the representatives of specialised agencies in this regard. Finality, as far as I know, has not yet been reached, but it would appear to me desirable that we should not, as the United States delegate suggested, be too definite at this stage, but await the outcome of these negotiations which will undoubtedly have rather general application. I should just add that the text of this Article is identical with the text of the relevant provisions in the Charter of the United Nations, and, if not identical with, is at least substantially the same as the corresponding text in the UNESCO constitution and in the constitution of the World Health Organisation.

THE CHAIRMAN: If there are no more comments upon Article 74, we pass then to Article 75: Amendments to the Charter.

Mr HOLMES (UK): I wanted an opportunity, if I might, Mr Chairman, to refer to Article 75, which is an Article of some obvious importance, though I think it may well be found that we shall not

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be able to reach a final decision about this, like many other of the Articles we have under consideration, until we see how the rest of this Session or perhaps the next Session of the Preparatory Committee develops. The point here about this Article, which is I think based in general, at any rate, on Articles 108 and 109 of the Charter of the United Nations, is to provide for amendments becoming effective when they have received a certain majority and become binding on Members after a majority decision. What is not provided I think is what happens about those countries which find themselves in the minority. The intention may well be that this should be decided by the Conference under subsection 2 of the Article, but that is not specifically stated. It may be that that would be the best way of dealing with each situation as it arose, ad hoc; but that is not so laid down by subsection 2, which merely says that the Committee should adopt rules of procedure for carrying out the provisions of this Article. Subsection 1 does in fact contain something of a gap.

Mr ERIK COLBAN (Norway): Mr Chairman, I am not quite certain what the meaning is in the clause involving fundamental alterations in the objectives of the Organisation. I quite agree with the rule in so far as new obligations by the Members are concerned; that is reasonable: nobody can be forced into new obligations without their own consent. But what does "fundamental alterations in the objectives of the Organisation" mean? Are not we on much firmer ground if we do not anticipate at once such a thing as fundamental alterations in the objectives, that is, that we shall steer an entirely new course. We discuss herein detail hundreds and hundreds of different points, and then all of a sudden on a two-thirds majority in view of an economic world situation, we may throw it all overboard and start something entirely new. I think it is unnecessary to anticipate that, and somewhat risky. I do not make any proposal: I just communicate to you my hesitation.

Mr BURY (Australia): Mr Chairman, I would like to put the opposite point of view to that of the delegate for Norway; that is that if over a long period of years the I.T.O. is to be successful, it will have to adjust itself not only to changing economic circumstances, but also to the changing climate of economic thought. Within countries individually the whole slant of economic policy has changed in the last few years, and it is equally possible that there may be fundamental developments in economic thought in relation to international trade, of which ITO should be able to take account and adjust itself. Therefore in our opinion it should be possible to bring about changes not that involve new obligations — that obviously must depend on individual countries concerned — but changes of a minor kind in the Articles which do enable the Organisation to adjust itself to circumstances without undue difficulty.

Mr ERIK COLBAN (Norway): Mr Chairman, I agree with the Australian delegate that we must be able to introduce modifications in questions of detail, but it is the words "fundamental alterations in the objectives of the Organisation" that I do not like. It is an invitation to do anything you like by a two-thirds majority.

THE CHAIRMAN: I take it that the delegate from Norway feels that the advancement of the economic welfare of the peoples of the world will probably remain a continuing objective. I just throw that in without charge.

M. HOUTMAN (Belgium): (interpretation): Mr Chairman, I think we could satisfy the delegate from Norway if we made it precise that the basic obligations of the International Trade Organisation are those mentioned in Article 1, and that basic changes which would modify the aims and obligations of the Organisation different from that Article, would be subject to the provisions of Article 1. I would therefore suggest that in Article 75

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on page 45, the 4th line, after the words "fundamental alterations in the objectives of the Organisation", the words should be added "as envisaged in Article 1 of the Charter".

Mr. ALAMILLA (Cuba): Mr. Chairman, I merely desire clarification of this matter, which I believe to be of extreme importance. It is indicated here that there may be fundamental alterations of the objectives of the Organisation and also that the Members may have to face new obligations. I understand the last phrase of Article 75 (1) to mean that the obligations and these alterations would have effect for all the members when approved by a two-thirds majority. The words that follow "and thereafter for each remaining Member on acceptance by it" I understand to mean that these modifications and alterations would not affect the position of a minority member until it had accepted them. That is a very important point, because Article 79, which deals with withdrawal, provides that a member can only leave the Organisation after the expiration of five years notice.

Mr. SCHWENGER (USA): That is the initial five years.

Mr. ALAMILLA (Cuba): Well, even if the period is only one year, I think a fundamental amendment should only be obligatory on a minority member if he accepts it during the time that he is obliged to remain a Member of the Organisation, before the expiration of the five or one year's period of notice which he has to give. I think that should cover the whole situation.

Dr. W.C. NAUDE (South Africa): Mr. Chairman, it seems to me that this is an Article on which some and possibly most of us would like to think a little more; but there is a further point, that we may want to consider it at a later stage again. There is a reference to voting there. When we come to discuss voting procedure or voting strength, it is quite possible that proposals different from this draft that we are talking about now may come forward. I have in mind the possibility that we may introduce

something after the style of weighted voting. For instance, in the case of the Fund and the Bank I notice that the provision regarding amendments combines a proportion of the members with a proportion of the voting strength in the respective amendments. The implication, therefore, is that if we are going to change the provisions of the draft as it stands now in respect of voting strength — that is, one member one vote idea — then we may perhaps want to amend this draft Article as it stands now, anyway. In the case of the Fund and the Bank, they have combined it like this: when three-fifths of the members having four-fifths of the total voting power approve of an amendment.

Mr van TUYLL (Netherlands): Mr Chairman, there are other points to make on this Article 75, and in raising these points I do not want to find a solution but only to open discussion on these points. One is that fundamental alterations may be of a different kind: the alterations may make a further contribution to the purposes of the Organisation, and would mean further concessions, if I may say so, which the Members envisage. If there is a minority who have not accepted these fundamental alterations which would entail further contribution to the purposes, what action should the two-thirds members take with regard to the non-accepting members? There is the point there of the most-favoured-nation clause which comes into play. Another thing is that the fundamental alteration may be a different thing: it may not be a further contribution to the purposes of the Charter but another point of view that the Members want to stress. Then the two-thirds majority may have a different point of view from that of the minority. These points of view may clash. What will be the position of the minority? I do not know what the solution should be. I only want to make these two points. One was the most-favoured-nation treatment of the minority and another is what will happen if the two groups of opinion clash.

Mr. ALAMILLA (Cuba): May I have clarification of the points that I raised from the delegation of the United States, as they have drawn the Charter?

Mr. KELLOGG (USA): This amendment Article is derived from the amendment Article in the constitution of UNESCO, as you have probably noticed. In the case of UNESCO it received a good deal of consideration, and it was apparently felt by most of the nations working on it that that was about the best compromise solution one could reach. It did not seem possible to bind a minority to fundamental changes in their obligations; I do not think any country would agree to that. This has been hashed over before in the case of UNESCO and in the case of other agencies, and in looking over the various amendment Articles, this seemed to be about the best. I realise that that is rather a weak excuse, but we have got to depend on the experience of other organisations.

Mr. ALAMILLA (Cuba): Can I take it, then, that the solution is that the minority would not be bound by any vote of the two-thirds majority, unless it accepted it?

Mr. KELLOGG (USA): Amendments which do not involve changes of fundamental objectives or new obligations will, of course, go through.

Mr. ALAMILLA (Cuba): Just one more thing, Mr Chairman. I would just make the reservation that when we come to the discussion on Article 79 I would ask for more clarification with regard to the five-year and one-year periods to which we had reference before.

Mr. HOLLIS (UK): Mr Chairman, I do not think we have yet quite met the point that I made, which I certainly would not wish to press at this stage, and that is what happens about the Member who does not either accept a new obligation or take advantage of Article 79 to withdraw.

Mr. COLBAN (NORWAY): Mr Chairman, that is a point. What stipulations will be binding upon such a Member, certain paragraphs of the Charter having been altered by a valid majority decision? These stipulations do not exist any more and a minority is bound by nothing. This is a very very difficult Article and it has to be gone through very very carefully. I am afraid we shall finally find ourselves in the position that we can only say that amendments to the Charter shall be effective upon receiving the approval of the Conference by a vote of the majority, and make an exception that they must not impose new obligations upon the members, and then in case a new situation arises the full Conference will discuss it and will then by a unanimous vote adopt a new Charter or adopt a Charter by such. adhesion as then may be possible, and those who will not agree to the new Charter will disappear from the Organisation, but you cannot have in the same Organisation members on an entirely different footing.

Mr. SCHWENGER (U.S.): Mr Chairman, in drafting this Article I think it is fair to say that we had these problems in mind - perhaps I ought to say this dilemma in mind - because it is extremely difficult to provide a method of amendment which will make the Charter sufficiently flexible, sufficiently adaptable, so that you can meet the kind of critical situation that we have envisaged in this question. Fundamentally our purpose in this Article (and I hope it will be the purpose of the Committee) is to make it possible to arrive at changes

without interrupting the development of the co-operation of Nations which will presumably already have gotten well started within the organisation and I suppose that it would be only rarely if at all that there would ever be an amendment of such great importance that it would represent a single step that so greatly changed the nature of the organisation that many members would seriously consider withdrawing rather than accepting it, or that the members who had accepted would be very seriously affected by the fact that some of the Members had not yet accepted it, and we had assumed that there would be a process by which, by the time two-thirds of the organisation had accepted the amendment, it would be pretty well towards becoming unanimously accepted with perhaps a single and a small exception.

I just make these general remarks because I am sure this is something we have to consider carefully in the drafting committee and I think we ought to think of the amendment process mostly as being a process of making small changes that become apparent as necessary in the course of the operation of the organisation rather than of making fundamental alterations in the objectives. I confess that I personally am very much impressed by the argument of the Delegate of Norway in regard to that word. This was copied, as Mr. Kellogg has said, from the UNESCO article, and the Drafting Committee will have to consider whether perhaps we might have copied it a little less scrupulously, word for word.

Mr. PIERCE (CANADA): The Drafting Committee might bear in mind that while a situation where different members have accepted different obligations is anomalous, it is not necessarily intolerable. PICAQ, the Air Organisation, has an arrangement of that kind where members have accepted widely varying types of obligations and yet the common body of obligation is sufficiently large to justify holding them all together in membership. There is one minor Drafting point too. It is the use of the word "majority". What is meant, I take it, is approval by a two-thirds vote of the members of the Conference, not a two-thirds majority.

THE CHAIRMAN: If there is no further discussion on Article 75 I should like to get the views of the Committee with reference to this matter: would it be desirable, instead of referring Article 75 to the sub-Committee to report back on an attempted draft, to defer the attempt to make a draft on this Article pending discussion on some of the related articles in other parts of the Charter? Reference has been made, for example, to the relationship with the provision on voting and also the relationship to the provision on withdrawal and termination. It may be we shall encounter other points where there is some relationship. It seems to the Chair that it might be better to hold up the attempt to formulate an agreed draft on this Article pending discussion of these other paragraphs and attempt that task at a little later point. However, that is for the Committee to decide.

Mr. NAUDE (SOUTH AFRICA): I think the second alternative would be the better.

THE CHAIRMAN: If there are no further comments I take it the second alternative I mentioned would be agreed to by the Committee.

The next item is 86 of our Provisional Agenda: "Contributions of Members", which would be Article 77 in the proposed Charter. I might add that Article 76 has been omitted at this point of our work because it was so clearly tied up with other parts of the Charter and I think it should await the discussion of other provisions of the Charter.

Mr. DAO (CHINA): With regard to the second part of Article 77 we wonder whether the provision in the United Nations Charter might be adopted with reference to the failure of a Member to meet its financial obligations. It is Article 19 in the United Nations Charter: "A Member of the United Nations which is in arrears in the payment of its financial contributions to the organisation shall have no vote in the General Assembly if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two full years. The General Assembly may, nevertheless, permit such a member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the member".

We think this Article 19 is better phrased than the proposed provision in the Draft Charter.

THE CHAIRMAN: The Chair is not quite clear as to the points which the Delegate from China is making. Is he suggesting that Article 77 is in any essential way different from Article 19?

MR. DAO (CHINA): It is not fundamentally different in its provisions, but in our view Article 19 of the United Nations Charter is more precise in its interpretation of the failure of members to meet their financial obligations. It is stated quite precisely that if members fail to meet their obligations then they shall have no vote in the General Assembly if the amount of their arrears equals or exceeds the amount of the contributions due from them for the preceding two full years, whereas in the proposed Draft here it states that the right of a member to vote in the Conference shall automatically be suspended if such member fails for two successive years to meet its financial obligations. It may mean that the member may have failed to meet its financial obligations in part.

MR. VAN TUYL (NETHERLANDS): A purely formal point could be made here, Mr. Chairman - that the difference in the two Articles is due to the fact that Article 19 of the United Nations Charter comes under the heading of "Voting" and Article 77 of the ITO Charter comes under the heading "Contributions of Members", and therefore necessarily the wording should be slightly different.

THE CHAIRMAN: Are there any further comments on Article 77?

MR. BURY (Australia): I have one further comment to make on Article 77; that is, the apportioning of the shares to be paid by members of the Conference. There is a Contributions Committee working now, appointed by the United Nations. Perhaps the Secretary might enlighten us on the details, but in nearly all these organisations a long wrangle takes place as to the share of expenses to be borne by each, and I would suggest, in order to save ITO from this wrangle, that we should adopt the same scale as the United Nations in proportion, according to

whoever happens to be a member.

Mr. HOLMES (UK): Mr Chairman, the Australian Delegate has produced a labour-saving device with which in general I quite agree but he refers to the same shares being adopted. The membership of the United Nations and of the ITO might at an early stage, at any rate, be rather different and the proportions to that extent might be rather falsified. Would it meet his point if we said the same principles were adopted?

Mr BURY (AUSTRALIA): Yes, that would meet my point.

Mr AMANTELLA (CUBA): I would like to raise a point of order, Mr Chairman. I believe that in Article 77 we are really dealing with the position of a member that does not contribute, but really the actual contribution should be discussed when we come to paragraph 4 of Article 55, in which it says: "The Conference shall approve the budget of the organisation and shall apportion the expenses of the organisation among the members". I suggest that this discussion should be left until we deal specifically with this paragraph 4, and that we restrict ourselves at this moment to what will happen if a member does not pay.

Mr BURY (AUSTRALIA): I would agree with that, Mr Chairman.

THE CHAIRMAN: I may say on behalf of the Chair that I think the Delegate of Cuba has made a good point of order. I think we should confine our attention at this time to this matter of penalising members who are in arrears, and that the difficulty here may be in regard to the title, which says: "Contributions of Members" when we are really not speaking of that, strictly.

Mr. NAUDE (UNION OF SOUTH AFRICA): Perhaps the Drafting Committee could alter the title of that Article for us?

Mr DAO (CHINA): If we adopt the suggestion made by the Delegate of Cuba we might consider the question of suspending the voting in conjunction with Article 55.

Mr. ALMILLA (Cuba): It may be I did not make myself clear but I believe we should deal here with "Entry into Force", and therefore if Members are to be deprived of the right to vote through being in default of their contributions, I think this is the moment to discuss that matter, although we shall come back to voting and how we are to vote when we deal with Article 53. Therefore my suggestion is that we should deal here with all the things that may happen to members who may default in their payments, whatever the payment may be and whatever the voting may be; and then I suggest the title should be: "Default of Members in their Contributions", or some such words.

THE CHAIRMAN: I may say that it seems to me that we are not called upon at this moment to pass on a question as to where this provision should come in the Charter; but we have very properly discussed the question of content, and I take it that the Subcommittee which I propose to set up will take into account the suggestions which have been made as to the content, and, if it cares to do so, of course, can also consider the place where it should come in the Charter. If there are no further comments, I take it we have concluded discussion of Article 77, and that the time has now arrived when we should consider some routine business which would have to be transacted before we can close our meeting for the morning. It is past 12.30 now. We have to consider one or two further matters before we adjourn, and I suggest that this would be a good point at which to break off our discussions of the provisions of the Charter this morning. Is it agreeable that we should stop at this point, after which I wish to make some further suggestions? (After a pause:-) The next item I think would be the appointment of the Subcommittee to which I referred at the beginning of our meeting. I want to say with respect to that that it seems desirable to keep the number of any such Subcommittee fairly well limited, lest we

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simply be reconstituting this full Committee under another name as a Subcommittee. In making appointments to such a Subcommittee, I have in mind, of course, primarily, the extent to which the delegates from the different countries have an active interest in one or other phase of our discussion; but, inasmuch as our discussion has covered a great deal of ground, that means that the number of persons on this Committee who have manifested such interest is rather large. I shall nominate the representatives of some countries for this Committee, but I assure you that if any other country which has not been named feels that it wants to be represented on this Subcommittee, the Chair will not interpose any objection. I want to add one further word, and that is that from time to time if we continue to follow this procedure, there will be new ad hoc Subcommittees such as this, presumably with changing representation with regard to the different countries; so that there is nothing particularly set about the designation of this Committee. I suggest that the membership of this Subcommittee should include the delegates from China, France, Norway, Australia, the United States, the United Kingdom and Cuba. I repeat, however, that if any other country wishes to serve on this Subcommittee, I should be very glad to add them. My only concern is not to have the Subcommittee too large. I would suggest also that, if it is agreeable to him, the delegate from Norway serve as Chairman of this Subcommittee.

Mr ERIK COLBAN (Norway): Mr Chairman, I am very grateful for the honour you intend to bestow upon me; but I am really very very busy: I have my Embassy to look after; I have the Conference; I am the Chairman of the Delegation; I must study the documents of all the five Commissions of the Conference. So I would be very very grateful if I could escape this honour and only serve as an ordinary Member of the Drafting Committee.

THE CHAIRMAN: The Chair desires to beat a hasty retreat from that line of procedure, and to suggest that the Subcommittee then choose its own Chairman; and Mr Turner will co-operate in seeing that the Committee has the earliest opportunity to meet and transact its business. Will the Members of this Subcommittee remain for two or three minutes at the end of this meeting for further conference. I take it that we shall not be able to have our next meeting until this Subcommittee has met and made its Report. I should hope that that Report would be forthcoming soon enough so that we could have another meeting of the full Committee by say Thursday or Friday. If there is no further business, the meeting is concluded.

(The meeting rose at 12.43 p.m.)