GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
Sixth Session

SUMMARY RECORD OF THE TWENTY-SEVENTH MEETING

Held at the Palais des Nations, Geneva
on Friday, 27 October 1951, at 2.30 p.m.

Chairman: Mr. Johan MELANDER (Norway)

Subjects discussed:
1. Report of Intersessional Working Party on the Disparity of European Tariffs.
2. Special Exchange Agreements.
3. Free Entry into Italy of Libyan Goods.
4. Status of Protocols and Schedules.
5. Report of Working Party 5 on the Budget.
6. Memorandum by the French Delegation on a European Coal and Steel Pool.
7. Appointment of Committee on Agenda and Intersessional Business.
8. United States Restrictions on Dairy Products.
9. Date and Place of Seventh Session.
10. Closing Statement of the Chairman.

1. Report of Intersessional Working Party on the Disparity of European Tariffs (GATT/CP.6/53).

Dr. BOTHA (South Africa) recalled that the Intersessional Working Party had been established as a result of the memorandum presented by the delegates of 10 countries in Torquay. The 10 countries had been unable to submit proposals for the consideration of the Working Party, which as a consequence had not met before the opening of the Sixth Session. At the beginning of the Session the French delegation had submitted to the Contracting Parties for inclusion in the Agenda a proposal aiming at the reduction of customs tariffs generally.

The Contracting Parties had decided that this matter could not be placed on the Agenda, but the Working Party was invited to give a preliminary examination to the proposal in conjunction with the Torquay proposals for a reduction of the disparity in European tariffs.

The Working Party first heard a report on the activities of the Group of Ten since Torquay. Members of the Working Party differed widely on the question of the relationship between the Torquay plan and the wider French plan. It was agreed that priority should be given to consideration of the latter, although without prejudice to the consideration of the Torquay plan. The question of industrially underdeveloped countries was raised and the French Delegation agreed that the initial examination of this plan should be limited to the more highly developed countries. A sub-group was then formed to undertake a study of the plan from the point of view of its application to themselves. In view of all these problems and difficulties the Working Party requested that its duration be extended as well as its terms of reference. The Working Party also suggested that Germany be added to its members and that the sub-group be allowed to co-opt other signatories of the Torquay memorandum not members of the Working Party.

Mr. DHARMA VIRA (India) thanked the French delegation for the understanding shown for the point of view of under-developed countries. In this connection he proposed the insertion of a sentence at the end of the second sub-paragraph of paragraph 8 of the report reading as follows:

"In view, however, of the fears expressed by the representatives of the under-developed countries, the French Delegation was agreeable to their proposal being examined, for the present, by the group mentioned in paragraph 7 above, without prejudice to the stand of the other contracting parties".

Mr. PAPATSONIS (Greece) supported the proposal of the Indian delegate.

Mr PHILIP (France) thanked the Working Party and particulularly the Benelux delegation for the understanding shown in the discussion of the French proposal and for their willingness to give priority to its consideration. The French delegation was aware that although its proposal was addressed to all contracting parties, the special difficulties of some governments and especially those of under-developed countries, should always be kept in mind. The suggestion that the plan should first be studied by the more developed countries and only later examined in relation to the less developed ones was quite acceptable to his delegation. He agreed to the amendment suggested by the Indian delegate.

The CHAIRMAN explained that if the recommendation of the Working Party to extend its terms of reference were accepted it would be appropriate to change the name of the Working Party to "Intersessional Working Party on the Reduction of Tariff Levels."

The report as amended and the new title of the Working Party were adopted.

2. Special Exchange Agreements (GATT/CP.6/18/Add.2)

The EXECUTIVE SECRETARY recalled that this subject had been discussed early in the session but that certain decisions had been deferred pending further information. It was now suggested that the Contracting Parties should adopt the statements submitted by the Fund in GATT/CP.6/33 as their report required under Article XI on exchange restrictions in force in Haiti and Indonesia. As for the report required for 1952, the Contracting Parties might request the Fund to supply the same assistance as was provided for the 1951 report. Article XI also required consultation on the retention of exchange restrictions to take place not later than March 1st 1952, and procedures for these consultations were also recommended. The terms of a decision to extend the time limit for action by Burma under Article XV:6 of the General Agreement were given at the end of the paper.

Mr. KARTADJOEMENA (Indonesia) said that his government was grateful to the International Monetary Fund for the report it had supplied on exchange restrictions in Indonesia, and he stated that Indonesia would be prepared to enter into direct consultation with the Fund in 1952 in the manner envisaged in the Secretariat note.

The Note by the Executive Secretary was considered paragraph by paragraph and was approved without modification except for the addition, at the suggestion of Mr. LECKIE (United Kingdom), of the words "where appropriate any" before "determination of the Fund" at the end of paragraph 4. The Contracting Parties therefore agreed:

(i) to adopt the statement submitted by the Fund, together with the additional data submitted by the Indonesian delegation (GATT/CP.6/33 and Add.1) as their 1951 report under Article XI of the special exchange agreements with Haiti and Indonesia.

(ii) to request the Fund to provide the same assistance for the preparation of their report under Article XI in 1952.

(iii) to authorise the Chairman to seek an understanding with the Fund, as envisaged in Article XIII:5 of the special exchange agreements, in order to enable direct consultations to take place between contracting parties and the Fund, and

(iv) to extend until the opening of the Seventh Session the time limit for action by the Government of Burma pursuant to Article XV; 6 of the General Agreement, to become a member of the Fund or to enter into a special exchange agreement with the Contracting Parties.

3. Italian Request for a Waiver under Article XXV to permit the continued Free Entry of Libyan Products (GATT/CP.6/54)

The EXECUTIVE SECRETARY said the Contracting Parties, when they decided earlier to grant the waiver requested by Italy to permit the continued application of special customs treatment to certain Libyan products, had not taken a firm decision on the date on which the waiver should end. The United States delegate had suggested September 1, 1952, but the Executive Secretary thought that September 30 might be preferable.

Mr. DI NOLA (Italy) said that since Libya would probably gain its independence before January 1, 1952, a definite decision must be taken to avoid any sudden change in the Italian customs régime applied to Libyan products. He agreed to the date of September 30, 1952.

The second consideration of the draft Decision was amended by the insertion, after "January 1952" of the words "or such earlier date when the Libyan Kingdom obtains its independence".

Mr. TAUBER (Czechoslovakia) enquired whether the Italian Delegate insisted on the retention of the reference to the special treatment existing before and after the war, as this appeared to him to set an unnecessary and undesirable precedent.

Mr. DI NOLA (Italy) thought the clause necessary and logical in the context of the draft Decision. The General Agreement made no specific provision for cases such as this one and any contracting party which considered itself damaged by the continuation of the special customs régime had the opportunity to make this known. No contracting party had so far made any complaint.

Mr. TAUBER (Czechoslovakia) did not insist on the point but said that he would abstain from voting.

The decision was adopted by 30 votes in favour, none against, with the Czechoslovak delegate abstaining.

4. Status of Protocols and Schedules (GATT/CP.6/20/Rev. 1)

The CHAIRMAN stated that the Secretariat's revised paper setting forth the present status of the Protocols and Schedules was submitted for the information of the Contracting Parties.

Since there were no comments, the document was noted.

5. Report of Working Party 5 on the Budget (GATT/CP.6/55)

Mr. ADARKAR (India), as Chairman of the Working Party, stated that the Working Party had dealt expeditiously with the questions referred to it and had given approval to the proposals submitted by the Secretariat. The questions on which the Contracting Parties would have to take specific decisions concerned contributions by governments which had ceased to be contracting parties and contributions by certain acceding governments to the expenses of tariff conferences. In the first category were China, Lebanon and Syria. The Working Party considered that the full amounts of contributions payable by these countries were still due, and recommended that the Executive Secretary be instructed to take the matter up with these governments. As to the contribution of Germany to the expenses of the Torquay Conference, the Working Party agreed to limit that contribution to $5,000 on the understanding that the German Government would waive any claim on any unappropriated surplus of the 1950 budget; this proviso had been accepted by the German delegation.

Commenting upon the sub-items of the 1952 Budget, Mr. Adarkar said that for meetings in 1952, only one regular session of the Contracting Parties had been budgeted for, while provision for intersessional meetings had been slightly increased. As regards the appropriation for wages and salaries the Working Party considered that the budget proposal submitted had the necessary flexibility to enable the Executive Secretary to give effect to the recommendation of Working Party 3 regarding the appointment of a third high-ranking officer. The total contributions for 1952 would be slightly less than in 1951 and were based on the assumption that Korea, the Philippines and Uruguay, would contribute as contracting parties in 1952.

On the question of the Working Capital Fund, Mr. Adarkar pointed out that the proposal relating to the disposal of the surplus that might accrue in 1951 and the use of the cash reserve adequately met the cas requirements of the Secretariat and that it was therefore not necessary to take a decision on the establishment of a Working Capital Fund at this stage, the provisions now made would make it possible to set up such a Fund in the future if the Contracting Parties so wished.

Part I, regarding the Financial Report, was adopted.

Mr. TAUBER (Czechoslovakia) commenting on Part II, "Estimates of Expenditure for 1952", thought that the creation of an additional D2 post was not justified, for the reasons he had advanced in the Working Party. If, however, the Contracting Parties decided to authorize the creation of such a post, he would request the Executive Secretary to consider the appointment of a candidate from an under-developed country.

Mr. ADARKAR (India) pointed out that paragraph 9 did not in fact recommend the creation of a new post but only stated that, if created, enough funds would be available.

Mr. TAUBER (Czechoslovakia) said that, as he had voted against the recommendation of Working Party 3, he would vote against paragraph 9 of the Report of Working Party 5. For the rest of the report he would give his approval.

Part II of the Report, "Estimates of Expenditure for 1952", was adopted unanimously, except for the reservation of the Czechoslovak delegate on paragraph 9.

Parts III and IV, on the "Income Budget for 1952" and the "1951 Surplus" respectively, were adopted.

The Resolution on the expenditure of the Contracting Parties in 1952 and the ways and means to meet such expenditure (page 4 of GATT/CP.6/55) was adopted.

6. Proposal by the French Delegation for an Intersessional Working Party for the examination of a Treaty instituting a European Coal and Steel Pool (GATT/CP.6/56)

M. PHILIP (France) explained that the Treaty instituting a European Coal and Steel Pool was expected to be ratified early in 1952, and he proposed that the Contracting Parties establish a special working party to examine the relationship of the Pool to the provisions of the General Agreement.

The CHAIRMAN noted that there was no objection to putting this matter on the Agenda.

M. PHILIP (France) then explained further that, after ratification of the Treaty, the Pool would be put into operation as soon as possible. It was clear that some negotiations with countries not members of the Pool would be necessary, especially with regard to the provisions of the General Agreement. As little time as possible should be lost in arriving at satisfactory arrangements between the Pool and the General Agreement on Tariffs and Trade.

Mr. TAUBER (Czechoslovakia) did not intend to explain again his Government's well-known attitude towards the Schuman Plan. He saw no reason to set up a Working Party at this stage as the proposed treaty was not yet ratified nor the organisation established.

M. PHILIP (France) recalled that the subject had been discussed in Torquay. The moment had now come to establish a Working Party of the Contracting Parties to consider this matter as the coal and steel Pool was about to come into being, an event which would create many questions in relation to the General Agreement.

Mr. DI NOLA (Italy) said that the Schuman Plan would affect many countries other than those which signed the treaty. The preparatory work which a Working Party could do would be extremely useful in clarifying the relation between it and the General Agreement on Tariffs and Trade.

Mr. TAUBER (Czechoslovakia) considered that if the Contracting Parties decided to set up a Working Party, they would thereby take a position in favour of the political action of certain contracting parties and this would, in his opinion, place the Contracting Parties in an embarrassing position.

M. SUETENS (Belgium) pointed out that the Contracting Parties were not asked to express an opinion on the Schuman Plan. One of the implications of the Plan however, would be to create a common market between several countries, which would necessitate lowering customs barriers and abolishing quantitative restrictions. The Contracting Parties must authorise the countries concerned to take such action. The terms of reference of the Working Party, if set up, should bring this out clearly.

Mr. HAGEMANN (Germany) considered that the Schuman Plan was of great interest to countries other than those participating in it, and he stressed the need for the Contracting Parties to study the relationship between the Plan and the General Agreement.

Mr. TAUBER (Czechoslovakia) maintained that even if the Contracting Parties set up a Working Party to deal with the purely technical implications of the Schuman Plan in relation to the General Agreement, such action would nevertheless imply approval by the Contracting Parties of the Plan as a whole. This involved a decision of a political character by the Contracting Parties and he would therefore oppose it.

The CHAIRMAN noted that, with the exception of the Czechoslovak delegation, the Contracting Parties approved the setting up of a Working Party. He proposed the following terms of reference and membership for the Working Party:

"To consider problems which may require action by the Contracting Parties arising from the Treaty instituting a European Coal and Steel Pool and to report as and when necessary to the Contracting Parties."

Membership:	Austria	Italy
	Belgium	Luxemburg
	Brazil	Netherlands
	Canada	New Zealand
	France	Sweden
	Germany	United Kingdom
	India	United States

The Working Party should choose its own Chairman.

The proposal was adopted.

Mr. PHILLIPS (Australia) assumed that all contracting parties would be kept informed on progress made by the Working Party.

The CHAIRMAN said that this would, of course, happen, and if other contracting parties wished to attend meetings of the Working Party, they were naturally entitled to do so.

Mr. DHARMA VIRA (India) and Mr. HASHIE (Pakistan) stated that they had not yet received instructions from their Governments on the subject.

7. Appointment of the Committee on Agenda and Intersessional Business

The CHAIRMAN said that, in the light of consultations with various delegations, he would propose that the membership of the Committee be the same as that of Working Party 3, except that Norway would be replaced by Denmark. He was aware however, that the Latin American delegations might wish to add another member.

Mr. PEREZ CISNEROS (Cuba) proposed the inclusion of Brazil.

Mr. LEDDY (United States) supported this proposal.

The Committee, composed as follows, was approved.

Australia	India
Brazil	Italy
Canada	Netherlands
Chile	Pakistan
Cuba	South Africa
Denmark	United Kingdom
France	United States
Germany	

8. United States Restrictions on imports of Dairy Products (GATT/CP.6/51)

Mr. LEDDY (United States) stated that, since the declaration made by Mr. Thorp on September 21 regarding the proposed repeal of Section 104 of the Defense Production Act, the United States Government had continued its efforts to this end. Unfortunately, however, the closing weeks of Congress had been taken up with so much important business that the bill to repeal Section 104 had not been dealt with. The Contracting Parties would recall that the Senate Committee on Banking and Currency, which was responsible in the Senate for the legislation of which Section 104 was a part, had recommended unanimously that it be repealed. The next occasion for repeal would be the session of the Congress beginning early in January 1952. His Government continued to give very high priority to the repeal of Section 104 and it would continue to treat this as a matter of urgency. It was hoped that Congress would deal with the question early in its next session. In the circumstances, he hoped that interested contracting parties would accord a reasonable time to the United States Government to see whether its hopes in this matter would be fulfilled.

Mr. ISBISTER (Canada) said he was prepared, in view of the circumstances explained by the United States delegate, to accept the proposed resolution of the Contracting Parties.

The resolution counselling the contracting parties affected to afford the United States a reasonable period of time to rectify the situation through repeal and requesting the United States to report as early as possible and in any event no later than the Seventh Session, was adopted, the Czechoslovak delegate abstaining.

9. Date and place of the next session

The CHAIRMAN said that the Seventh Session could be held in Geneva in May or July but not in June of 1952. May had the advantage of enabling the Contracting Parties to take action more quickly on some questions referred to them during the present session but the month of July might be preferable for the consultations under Article XIV.

Mr. LECKIE (United Kingdom) felt that it was important to preserve the customary period between sessions and that the time of a session should be determined by the work rather than by the question of when space would be available in Geneva. He suggested that the Seventh Session should start on 5 June and that the Agenda Committee should meet some days before.

Mr. ISBISTER (Canada) thought that the Seventh Session should be held at the time most suitable for dealing with the consultations on balance of payments restrictions. He did not think it practicable to determine the exact date now.

The EXECUTIVE SECRETARY said that a decision on the date and site must be made no later than March 1 for administrative reasons, particularly if the session were to be held outside Geneva.

After some further discussion it was agreed that the date of the next session would be tentatively June 5 1952, subject to review by the Committee on Agenda and Intersessional Business which would, before 1 March, decide both on the definite date and the site.

10. Closing Statement by Chairman

The CHAIRMAN reviewed the work done by the Sixth Session of the Contracting Parties.

The Contracting Parties had considered the question of the continuing administration of the Agreement and had reviewed the operation of the Agreement in the light of past experience. They had decided that it would be premature, at this stage, to take decisions of a permanent character or to open up now the kind of discussion on the future of the Agreement which would eventually have to take place in accordance with Article XXIX.

The Chairman referred to the work done on the resolutions of the International Chamber of Commerce which seemed a profitable field for future work by the Contracting Parties.

At this session also procedures had been agreed upon for tariff negotiations either with countries which were not yet contracting parties or between contracting parties.

The problem of the disparities of European tariffs which had been raised at Torquay had led here to an important proposal from the French delegation for the automatic reduction of tariffs generally and on a world-wide basis.

In the field of quantitative restrictions a review had been carried out of the restrictions maintained under the balance of payments provisions..

Finally, the Contracting Parties had had before them a number of complaints on action taken by individual contracting parties. In most of these cases the contracting party concerned had given assurances of making active efforts to remedy the situation.

The full text of the Chairman's remarks is to be found in Press Release GATT/65.

The CHAIRMAN declared the close of the Sixth Session.

The meeting rose at 6.45 p.m.