

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUMMARY RECORD OF THE TWELFTH MEETING

Held at the Palais des Nations, Geneva,
on Friday, 31 October 1952, at 3 p. m.

Chairman: Mr. Johan MELANDER (Norway)

- Subjects discussed:
1. Special Exchange Agreements
 2. Appointment of a Chairman for the ICCICA
 3. Sardines - German treatment
 4. Annual Report

1. Special Exchange Agreements (I/32)

The CHAIRMAN referred to his report on the action taken between the Sixth and Seventh Sessions to implement the provisions of Special Exchange Agreements with the Governments of Indonesia, Haiti and Germany.

He recalled that the International Monetary Fund had been asked to assist the CONTRACTING PARTIES by reporting on the restrictions of payments and transfers maintained by Haiti and Indonesia and suggested that the statements of the Fund, included as Annexes B and C of Document I/32, might be adopted as the reports of the CONTRACTING PARTIES, as required by Article XI:3 of the Special Exchange Agreements.

The Fund had also advised that if a consultation under Article XI:3 was initiated by a signatory to a Special Exchange Agreement, it would be prepared to consult directly with the contracting party concerned. A consultation had been initiated by Indonesia but the Fund had reported that in the present circumstances it would be preferable to postpone for the time being this consultation.

The CHAIRMAN stated that unless Haiti and Indonesia became members of the Fund, similar reports on restrictions maintained by the two countries and a consultation with Indonesia would be required in 1953.

He therefore proposed:

- (i) to request the Fund to furnish the same assistance as in 1952 in connection with the preparation of any report required under Article XI of a special exchange agreement
- (ii) to adopt the same procedure as last year in connection with any consultation that may be initiated by a contracting party under Article XI of a special exchange agreement

The CONTRACTING PARTIES agreed to adopt the reports prepared by the Fund (Annexes B and C to L/32) as their reports for 1952 under Article XI:3 of the special exchange agreement with Haiti and Indonesia and to advise the Fund that they agree to the postponement of the 1952 consultation with Indonesia. The CONTRACTING PARTIES also agreed to adopt the procedure suggested by the CHAIRMAN for 1953.

2. Appointment of a Chairman for ICCICA (G/17 and Add.1)

The CHAIRMAN referred to the request by the Secretary-General of the United Nations for the CONTRACTING PARTIES to nominate the chairman of the Interim Co-ordinating Committee for International Commodity Arrangements. He asked for nominations.

Mr. VALLADAO (Brazil) emphasized the importance that his government attached to meetings of the CONTRACTING PARTIES as a forum for discussing matters of commercial policy. The Secretary-General of the United Nations had informed the CONTRACTING PARTIES on 18 April 1952 of the decision of the Economic and Social Council to request them to nominate the Chairman of ICCICA. This information had not been circulated until 18 August and therefore there had not been enough time, particularly for distant countries, to consult among themselves as to his nomination. The subjects dealt with by the Committee were of great importance to producers of primary commodities. The ICCICA prepared yearly a statement regarding inter-governmental collaboration in the field of commodity problems, worked out guiding principles for this collaboration and had held several meetings. The Committee was responsible for adherence to the principles of Chapter 6 of the Havana Charter relating to the calling of commodity conferences. Its latest report was devoted to an analysis of commodity price instability since the end of the war. From the foregoing, it was apparent that the work of the Committee was of considerable interest to all countries which were producers of raw materials. The Committee had existed since 1947 and since that date there had never been a representative of a raw material exporting country on it. It had been entirely composed of members from consumer countries.

Mr. Valladao had no objection to the present chairman, but opposed in principle the manner in which his continuance in office had been proposed, with no opportunity given to primary-producing countries to consult. He proposed that the chairmanship of Sir James Helmore be prolonged for the intersessional period only and that the matter be reviewed at the Eighth Session. At that time he hoped that the principle of rotation would be adopted, as well as a fixed term for the chairmanship.

Dr. HELMI (Indonesia) supported the proposal to introduce the principle of rotation for the chairmanship since this was a very heavy task and too much to ask one person to undertake indefinitely. He agreed with the views of the Brazilian delegate that several varying interests were concerned in the work of the ICCICA and he hoped that commodity-producing countries would be included in the Committee in the future.

Mr. SINGH (India) said that the Brazilian delegate had raised an important question of principle. The essential functions of the Committee implied that Asian and other raw material-producing countries should be adequately represented if raw material problems were to be reviewed in all their aspects, and if co-ordination with other existing commodity groups was to be successfully established. He would also support the introduction of the principle of rotation and a request to the Economic and Social Council to review the functions of the Committee.

The CHAIRMAN, in reply to a question of Mr. Jayasuriya (Ceylon) stated that the contracting parties were at liberty to place a time-limit upon the term of office when nominating a chairman and also to make recommendations to the Economic and Social Council concerning an extended membership of the Committee.

Mr. JAYASURIYA (Ceylon) supported the view advanced by the Brazilian representative. He considered that the Committee should be expanded so as more usefully to represent the interests of primary-producing countries. Consequently he was in favour of continuing the term of the present Chairman for one year so that the various questions could be reexamined at the Eighth Session.

Mr. VERNON (United States) said that the Havana Charter had provided for the establishment of an international commodity commission and it had been envisaged that this commission would be objective and would consist of high level international civil servants rather than national representatives. The Economic and Social Council when it had

created the ICCICA had wished to maintain this idea and had established as an interim body a small group of experts who were not national representatives. These experts prepared annual reports and indicated areas where action should be taken. The problem before the CONTRACTING PARTIES was whom to appoint in a non-national capacity to carry on this task. The past Chairman, Sir James Helmore, had fulfilled the functions very well.

The Vernon agreed that the ICCICA should certainly ~~concern itself~~ with the problems of primary producers. These were serious problems and their importance was constantly reflected in discussions in the Economic and Social Council. If this proposal were made in the Council, the United States Government would be prepared to support it.

The proposal that the CONTRACTING PARTIES should appoint chairmen by rotation raised questions as to the basis on which rotation would take place. Since the Committee operated on a non-national basis there could be no question of rotation by country or by areas. Certainly it was not desirable to appoint a chairman in perpetuity, but the term should be long enough to enable him to fulfil his duties and it would be undesirable to adopt a scheme which might make it difficult for the CONTRACTING PARTIES properly to comply with the request of the Council to find a chairman with the best possible qualifications. In sum, Mr. Vernon was prepared to accept a reasonable limitation of the term of office and also, although in another forum, the principle that the composition of the ICCICA should ensure that due weight was given to the interests of producing countries.

M. LECUYER (France) was in general agreement with the United States delegate and expressed his appreciation of the work accomplished by Sir James Helmore. His wide knowledge and competence in the field eminently fitted him for the task of Chairman and M. Lecuyer supported his continuance in office. M. Lecuyer agreed that the term of office should not be in perpetuity, but considered that, in view of the specialized functions and technical qualifications required, it should be sufficiently long for the duties to be properly carried out, one year was certainly not enough.

Mr. VALLADAO (Brazil) thought that the Council's resolution establishing ICCICA contained no implication that it should continue always in the same form. He agreed that nationality was not a factor that should enter into the appointment of the committee or chairman and also that Sir James Helmore had carried out his functions with complete objectivity. Although nationality was incidental, it was to be hoped that experts from the primary-producing countries would have opportunities to serve on the Committee. Mr. Valladao said that he would support the continuance of the present Chairman for one year only, the CONTRACTING PARTIES at their Eighth Session to decide whether the principle of rotation should be introduced.

Mr. VARGAS GOMEZ (Cuba) stressed the importance of the principle that the interests of both consumers and producers should be represented adequately and equally. It was advisable to limit the term of office of the Chairman because the CONTRACTING PARTIES could have little control if the appointment were for an indefinite period. Furthermore, there should be an opportunity for the CONTRACTING PARTIES, in nominating a chairman, to take account of the changing aspects in the international commodity field and of the varying levels of importance of these aspects. In order to associate the primary-producing countries more intensively with the Committee's work he supported the proposals of the Brazilian delegate, namely, to request the present Chairman to continue in office for another year, to introduce the principle of rotation and to inscribe the appointment of a new chairman on the agenda for the Eighth Session.

Dr. HELMI (Indonesia) formally proposed the re-appointment of Sir James Helmore as the Chairman of the ICCICA for one year and referred to the great services he had rendered the Committee. He considered that the principle of rotation was the best means of assuring that the most suitable person for the task would be found, by giving different candidates the opportunity to serve on the Committee. If commodity problems were to be approached successfully, it was essential that countries particularly interested be adequately represented, since they could be counted upon to bring a special understanding to the discussion.

Mr. HAGEMANN (Germany) did not consider this the time to appoint a new chairman and supported the re-nomination of Sir James Helmore. He felt that the representatives of the primary-producing countries had raised some valid questions and were justified in their insistence on being adequately represented. If the contracting parties now re-appointed the Chairman for one year, alternative solutions to the points raised could be studied in the meantime.

Mr. TONKIN (Australia) remarked that the discussion had broadened to cover very broad issues of fundamental importance to governments. He would agree that, in many of the groups at present dealing with commodity problems, the consumer point of view had received more emphasis, and he sympathized with the views of the Brazilian delegate since Australia was, on balance, also an exporter of raw materials. But the CONTRACTING PARTIES at this stage were only requested to nominate a chairman who would be competent to deal with the whole range of problems affecting primary products. It would be preferable to wait until the Eighth Session to consider the points of substance that had been raised regarding the scope of the Committee in order that governments would have time meanwhile for reflection.

Mr. DI NOLA (Italy) supported the continuance of the chairmanship of Sir James Helmore. He would agree that the term of office be limited to one or, at the most, two years. He supported the view that the Committee should have at least one person directly representing the primary-producing countries, and that the CONTRACTING PARTIES might request the Council to reconsider the constitution of ICCICA with this in view. If the Council were to take action to satisfy the views of primary-producing countries, the question of the rotation of the chairmanship would then be of secondary importance.

Dr. Helmi supported a request being addressed to the Economic and Social Council to consider expanding the Committee's membership so as to include representatives of primary-producing countries. He also hoped that a flexible system of rotation would be introduced.

Mr. Vernon said he was prepared to support a proposal to the Economic and Social Council to consider expanding the ICCICA, so as to include experts who, in their personal capacity, would be fully conversant with the special problems affecting countries producing primary commodities. He agreed with Dr. Helmi that some flexible system of rotating the chairmanship might well be introduced and hoped that at the next Session there would be other nominations presented for the chairmanship so that the CONTRACTING PARTIES would have ample opportunity to choose the best candidate.

On the suggestion of the representatives of Brazil, Cuba, Indonesia and the United States, the CONTRACTING PARTIES agreed, in response to the invitation from the Economic and Social Council, to nominate as Chairman of ICCICA, Sir James Helmore, until the CONTRACTING PARTIES should make a further nomination at the Eighth Session. The CONTRACTING PARTIES also agreed that the nomination at the Eighth Session and thereafter should be for a fixed term of office, the duration of such term to be determined at the Eighth Session. In the light of this conclusion, the question of a possible recommendation to the Council as to the composition of ICCICA was not pursued.

3. Sardines, German treatment (G/26)

Mr. ISBISTER (Canada) introduced the report of the Panel on Complaints. He referred to paragraph 16 which set out the basic grounds on which the Panel had reached its decision, namely, that the products of the various varieties of clupeae were closely related and considered by many as directly competitive, that the question of equality of treatment had been discussed during the Torquay negotiations between the Norwegian and German delegations and that it was reasonable to assume that the Norwegian delegation had taken into account the advantages resulting from the continuation of equality of treatment which had prevailed since 1925.

Paragraph 19 of the report contained the text of a draft recommendation submitted by the Panel to the effect that the Government of Germany should consider ways to remove the competitive inequality between preparations of clupeae pilchardus and of other varieties of the clupea family and report to the CONTRACTING PARTIES not later than the opening of the Eighth Session.

Mr. HAGEMANN (Germany) thanked the Panel and the Norwegian delegation for their action in this matter. He hoped that further consultations between Germany and Norway would result in a solution within the spirit of the recommendation contained in the report.

The report as submitted, together with the recommendation, was adopted by the CONTRACTING PARTIES.

Mr. THOMMESSEN (Norway) thanked the German representative for his statement and shared his hope that the forthcoming consultations between the two governments would result in settlement.

Mr. ADARKAR (India) congratulated the Panel on its settlement of this matter and noted that the Panel had proved itself a useful instrument for investigating disputes.

Mr. Isbister remarked that the success of the Panel depended upon the countries involved in a dispute being themselves anxious to reach a settlement.

4. Publication of an Annual Report (L/50)

The EXECUTIVE SECRETARY expressed some hesitation in presenting this proposal to the CONTRACTING PARTIES since governments were already deluged with annual reports from innumerable international organizations. He complained that he had no intention of trying to emulate reports issued by other organizations, for which purpose he did not in any case have the necessary research apparatus, nor to duplicate any of the material contained therein. The CONTRACTING PARTIES had, however, reached the stage where their general competence in international commercial policy was recognized and it seemed appropriate to issue an annual report on matters within their jurisdiction. It would assist to evaluate these developments if they were shown against a background of the general trends in international trade. This part of the report (viz. part I, document L/50) would be very brief.

There was no intention to ask governments to supply further information and the secretariat would rely mainly on derivative statements and information from other organizations. This information they would attempt to present, however, within the special context of the General Agreement. Part II of the report would set out the principal developments and changes in commercial policy relating to such items as tariffs, quantitative restrictions, trade agreements, etc. Part III

would give an historical account of the activities of the CONTRACTING PARTIES throughout the year. The report would run to no more than 30 to 50 pages and would not involve governments in any additional financial obligations.

Mr. van der PEIJL (Netherlands), welcomed the suggestion and considered that such a report could serve a useful purpose. He proposed that an interim report on these lines might be published in 1953 and considered it desirable that a draft be circulated among contracting parties before publication, to give interested countries an opportunity for informal consultations with the Executive Secretary.

M. Di NOLA (Italy) accepted the plan for the report. With reference to the suggestion in the draft table of contents of Part II for a note on the changes in the level and incidence of tariffs, he wished to point out the difficulties of such a calculation and the dangers of inaccuracy. It would be preferable not to publish any such data if there were any possibility that it was unreliable.

Mr. AZIZ AHMAD (Pakistan) said that his Government welcomed a report of this kind. He emphasized that the special problems of the economies and trade of under-developed countries should be given due importance. He hoped that this report, like those of the past, would continue to be issued on the responsibility of the secretariat.

Mr. LECKIE (United Kingdom) had some hesitation about the proposal. Some of his doubts had been partly removed by the Executive Secretary's remarks concerning the size and balance of the proposed report and the intention to avoid duplication. Nevertheless, for the General Agreement to issue an annual report when it was still applied only on a provisional basis when its future was still uncertain seemed undesirable. Moreover, the concept of a regular annual report did not accord with the discontinuous nature of the operation of the CONTRACTING PARTIES. Most of the work was done at the periodic sessions and any report would have to be related to the sessions. Mr. Leckie acknowledged the value of the three previous reports and thought that it would be preferable to continue on an ad hoc basis.

M. LECUYER (France) did not share the fears of the delegate of the United Kingdom that the fact that the report would be annual would imply any commitment. He thought the proposal interesting, but wished to associate himself with the doubts expressed by the delegate of Italy as to the advisability of comparing tariff incidences. He suggested that perhaps governments might be asked to send comments to the Executive Secretary on the proposed table of contents since they had hardly yet had time to give it proper study.

Mr. VERNON (United States) welcomed the suggestion. The past reports had been found useful and an annual report would probably be assured a wider distribution. The provisional nature of the GATT need not condition approval by the CONTRACTING PARTIES of an annual report. From the point of view of the United States, Parts II and III would be of the greatest interest since they would largely contain material not published elsewhere. With this comment Mr. Vernon endorsed the proposal of the secretariat.

Mr. ISBISTER (Canada) thought this a constructive proposal. There would be in his opinion no objection to the widening of the scope and contents of the report as time went on nor to its being an annual report. It would, however, be better if the CONTRACTING PARTIES did not agree at this time on any fixed form for the reports. The proposal should be discussed on the assumption that the form and contents might be reconsidered next year and that the reports should accord with the development of the CONTRACTING PARTIES themselves. He stressed that the report should be factual and should in no case enter into a field where the conflicting views of governments would have to be reconciled. It would be more useful if it remained non-controversial and concentrated on fields where it could give material not provided elsewhere.

Mr. ADARKAR (India) agreed that this was a constructive proposal. Reports from European bodies did not always reach countries outside Europe and United Nations documents did not always provide the necessary information, so a report in the form proposed would be useful to countries like his own. He suggested that it be modelled on the reports of the Bank and the Fund and avoid too much academic detail. The pamphlets issued in the past did not fully meet the requirements of governments nor did they accord with the status of the Agreement. He therefore supported the proposal as an experiment and suggested that the CONTRACTING PARTIES revert to it at their next Session.

Mr. PRESS (New Zealand) agreed with the doubts expressed by the delegate of the United Kingdom that an annual report imputed to the GATT a character which had not yet been conferred upon it formally. Nevertheless, it might be useful to produce a publication more or less every year.

The EXECUTIVE SECRETARY expressed his agreement with the various remarks of delegations. He attached no particular importance to the title "Annual Report" and was quite willing to meet the objection by using some other title. Referring to the remarks concerning under-developed countries, Mr. Wyndham White said that the secretariat was particularly sensitive to the great significance of the problems of under-developed countries in the evolution of commercial policy at this time and would not fail to give these problems an appropriate place within the report. Concerning the draft table of contents of the report, it was apparent that the form and contents would have to be reviewed from year to year. The secretariat would circulate a draft for this year and would value the comments of governments. There was no intention, nor would there be any need, to reconcile the views of various governments since the report would be factual and would express no opinions.

He agreed that parts II and III of the report would be the most original and probably of the greatest value, but felt that a short description of trends in international trade was essential as a setting for the remainder. As far as he was aware, such a summary did not exist in easily available form in other publications. With reference to the comments of the Italian and French representatives concerning the incidence of tariffs, Mr. Wyndham White said that he was fully aware of the dangers of such a computation and would only publish a comparison of this nature after the most careful checking to ensure accuracy, and after further reflection as to its usefulness. He assured the CONTRACTING PARTIES that there was no intention of making a comparison between the tariff levels of different countries but the secretariat had thought that a study of the tariff levels before and since the war might prove of some significance.

The CHAIRMAN said that the discussion showed general agreement on the usefulness of such a publication.

The meeting adjourned at 6.50 p.m.