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Ninth Session

SUMMARY RECORD OF THE THIRTY-SEVENTH MEETING

Held at the Palais des Nations, Geneva,
on Saturday, 26 February, 1955, at 2.30 p.m.

Chairman: H.E. Mr. L. Dana WILGROSS (Canada)

- Subjects discussed:
1. Item 12(1) - Swedish anti-dumping duties:
Report by Panel on Complaints
 2. United Kingdom Waiver from Article I
 3. Report of Review Working Party II - continued

1. Item 12(1) - Swedish anti-dumping duties: Report by the Panel on Complaints (L/328)

Mr. JHA (India) introduced the report of the Panel which dealt with a complaint by the delegation of Italy to the effect that Swedish anti-dumping regulations were not consistent with the obligations of Sweden under the Agreement, and that the administration of these regulations impaired the benefits which should accrue to Italy under the Agreement.

The Panel had established the principles of the case and considered that it would be appropriate for the two delegations to try and clarify the facts before it came to any definite conclusion on these. The Report contained on page 9 the recommendations of the Panel.

Mr. ANZILOTTI (Italy) thanked the Chairman and Members of the Panel. This case was the first anti-dumping procedure placed before the CONTRACTING PARTIES, and the decision which they took on this matter would constitute a precedent and indicate the rules to be followed if a country wished to avail itself of the privileges of Article VI. In addition to the question of principle, the Italian delegation was concerned with the actual situation in view of the grave damage caused to exports of Italian stockings to Sweden by the application of the anti-dumping duties in question. In fact, all imports into Sweden of the most important type of stockings had been completely stopped and, in the effort to reach an agreement with the Swedish delegation, the sales for the winter season had been lost. At the present time the Swedish importers were ordering elsewhere summer stockings and, since no solution had been reached, his country would once again be excluded from the Swedish market. Since the losses suffered by Italian exporters could not be made good, and since such a prolonged absence from the market might result in permanent damage the consequences of any decision by the CONTRACTING PARTIES were of

great concern to his Government. It should not be forgotten that in recommending a new inquiry to establish the normal value of Italian stockings exported into Sweden, the Panel on Complaints had shown that it was convinced that the valuation for Italian stockings made hitherto by the Swedish authorities was not based on precise information. This was quite clear from the Panel's declaration that no definite evidence had been brought forward to support the Swedish conclusion that the normal value of Italian stockings was higher than the price charged on those exported to Sweden. After four months, the Italian delegation was only going to obtain the supplementary inquiry requested by them in November 1954 and then refused by the Swedish delegation.

Nevertheless, Mr. Anzilotti would accept the report of the Committee and his Government would do all in its power to give the Swedish delegation whatever information it required. This was being done on the understanding that the Swedish authorities would carry out without delay the recommendations contained in the report, and that they would send immediately a delegation to pursue the inquiries proposed by the Panel. In order that the damage to Italian exports should not be too prolonged, the Italian Government would take advantage of one of the recommendations of the report to request the convocation of the Intersessional Committee on 1 April 1955, at the latest, in the hope that before that date the Swedish and Italian delegations would be able to inform the CONTRACTING PARTIES that an agreement on this matter had been reached.

Mr. BELFRAGE (Sweden) thanked the Chairman and Members of the Panel. The problem of dumping and its corrective measures were of great importance to his country both from the point of view of the merits of the case presently before the CONTRACTING PARTIES and also as a matter of principle. This was the first time that a concrete case of this type had been before the CONTRACTING PARTIES and it illustrated clearly the uncertainties and difficulties of low tariff countries, in the absence of quantitative restrictions, in applying the provisions of the General Agreement to cope with such situations in order to protect their legitimate interests. A country like Sweden was exposed to dumping practices, particularly in a situation where high tariffs and quantitative restrictions were maintained in other countries. This danger was enhanced where protective capacity in an industrial sector tended to exceed the demand. With regard to many commodities, nylon stockings among others, Sweden was one of the few free markets in Europe, and thus a particularly attractive one. The Swedish industry had no possibility of competing in any other European countries because of such obstacles as high tariffs and quantitative restrictions. The lack of genuine reciprocity - in Sweden the duty on nylon stockings was 7 per cent whereas in most other countries it was 20 to 35 per cent and more - should be borne in mind when considering the economic implications of the present case.

Mr. Belfrage referred to the report of the Panel. The purpose of the technique adopted in the present Swedish anti-dumping legislation was to try to deal with dumping situations in such a way to create a minimum of obstacles to normal trade. The effect of the present Decree was that only a minor part of imports where there seemed to be prima facie evidence of dumping was subject to

anti-dumping procedure. The first part of the proposed recommendation of the Panel was directed towards the Swedish Government, inviting it to consider ways and means of expediting the administration of the anti-dumping legislation so as to minimize delays. Mr. Belfrage observed that the record of such procedures in Sweden did not compare unfavourably with similar procedures elsewhere. Nevertheless, they were prepared to do their best to expedite further the administration of anti-dumping procedures. The efficient clearance of individual cases was also, it should be noted, dependent on the cooperation of the exporters.

If his delegation was not in a position to approve all the suggestions of the report, they were nonetheless willing to accept the proposed recommendation to the Swedish Government, nor would they oppose any other parts of the recommendations. This they did in the expectation that other contracting parties were prepared to act with similar speed in the administration of their national anti-dumping legislation. The Swedish Government considered it important that a fair degree of reciprocity should prevail in the application of these provisions of the General Agreement.

The CONTRACTING PARTIES approved the recommendations of the Panel that the Swedish Government consider ways to improving the administration of the Decree complained of, that the two governments make the necessary arrangements to facilitate an inquiry by the Swedish authorities, and that the parties report to the CONTRACTING PARTIES at the Tenth Session or should it be necessary to the Intersessional Committee.

The CHAIRMAN thanked the Panel and its Chairman and thought this case once again demonstrated the usefulness of this particular type of machinery.

Mr. BROWN (United States) said that he had been impressed with the clarity and competence of the Panel reports and with its work and that of its Chairman. These were good examples of the effective operation of the Agreement and the potential effectiveness of the new Organization.

Mr. JHA (India) thanked the Chairman and other contracting parties and observed that the Panel had in all its cases been much assisted by the atmosphere of a genuine desire to reach an agreement on the part of the parties to the various cases.

Mr. STEYN (South Africa) wished to pay particular tribute to Mr. Jha's effectiveness as a Chairman, and the wisdom he had shown in dealing with the various cases.

2. United Kingdom Waiver from Article I (L/326)

Mr. COHEN (United Kingdom) introduced the amendment proposed by the United Kingdom to the original waiver. His delegation was conscious of the importance attaching to any action taken in respect of this waiver, touching as it did the basic provisions of the Agreement. There had so far not been a working party on this subject, but his delegation would wish, of course, to be guided by the

CONTRACTING PARTIES and, if it were decided to establish a working party, they would cooperate so as to provide any information necessary.

The original waiver granted to the United Kingdom stipulated that action under it could only be taken in respect of goods for which tariff concessions had not been negotiated. It was only to this proviso of the waiver that his delegation requested an amendment. They did not propose changing the procedures provided under the waiver, and he wished to draw attention in particular to the fact that only in case the CONTRACTING PARTIES decided that there was no likelihood of substantial diversion of trade could the waiver apply. His delegation requested an extension of the waiver so as to apply to items which, although bound on the date of the granting of the original waiver might have been subsequently withdrawn.

Mr. DONNE (France) said that his delegation had carefully studied the United Kingdom request which in fact was to extend the limitation contained in the Decision of 24 October 1953 to products which had been unbound since that date. It would then be possible for the United Kingdom to act in accordance with the waiver with respect to items which would be unbound as a result of negotiations under Article XXVIII. This seemed to his delegation a logical and justified request. It would seem normal that for an item in respect of which a concession had been withdrawn, the same freedom should apply as to an item which had never been the subject of negotiations. It was in this spirit that the French delegation had interpreted the original waiver. The Decision taken at that time by the CONTRACTING PARTIES, and the procedures annex to it, provided sufficient guarantees and conditions. It should be underlined that the United Kingdom requested no change in the obligations imposed upon them by the CONTRACTING PARTIES. The CONTRACTING PARTIES could thus be assured that the fundamental principles of Article I were fully respected and the measures which the United Kingdom might have to take would not result in increasing margins of preference or diverting trade to the benefit of Commonwealth countries. At the time that the first annual report of the United Kingdom had been discussed, the French delegation had declared itself satisfied with the manner in which the United Kingdom had applied the waiver, and for this reason, it was prepared to support the request of the United Kingdom delegation. Nor did his delegation consider that this was a matter that should be sent to a working party.

Baron BENTINCK (The Netherlands) said that his delegation regretted all the requests for waivers submitted at a time when the CONTRACTING PARTIES were trying to draw up general trade rules. His delegation did not feel convinced of the practical and urgent necessity of this particular request. Even if they agreed that this was a minor and logical completion of the waiver previously granted, they felt that this in itself would not justify the request. The Netherlands could not, however, agree with this view. One of the main arguments in favour of the Decision of the previous Session was that the waiver was stated to be an exception to Article I of a very limited nature. Contracting parties who had feared that it might be followed by new requests had repeatedly and explicitly received assurances that this was the only adjustment which the United Kingdom needed with respect to the no-new-preference-rule. The present request would not only widen the field of application of the old one but was different

and more general in nature. The arguments at the last Session had concentrated on the question of whether a general or specific waiver should be granted, and the compromise solution was that a generally worded waiver was granted, but only after receiving detailed information as to the products in respect of which the waiver would be applied. Such information on the present request was completely lacking, which made it essentially different in character.

The Netherlands delegation in considering the United Kingdom request had always made a clear distinction between the aspect of the no-new-preference rule and the general tariff policy aspect. With respect to the former, the difficulties of his delegation had been to a great extent met by the safeguards which the United Kingdom delegation was able to accept in order to guarantee that no diversion of trade would take place in favour of countries receiving preferential treatment, and had recognized earlier in the Session that in this respect their objections had been reasonably met. The major concern of The Netherlands, however, related to the tariff policy aspect, and to a tendency appearing in the commercial policy of one of the major trading nations with regard to discrimination and tariff protection. This was their main objection to the present request. The possibility of increasing tariffs in certain cases would again be enlarged, further opening the door for measures which they deemed undesirable and harmful to their interests. Furthermore, by granting a waiver the CONTRACTING PARTIES would be in a sense approving the measures. Also this action would be taken at a time when no very important or real progress was being made in the direction of a general reduction of tariff barriers. The meagre results in this field and the widespread reluctance on the part of contracting parties to accept any commitment to remove such obstacles to trade would be seen in the consideration of the report of Working Party II.

The Netherlands delegation would hope that the United Kingdom could withdraw this item from the agenda, and if that were not possible they would not be able to vote in favour of it.

Mr. HAGEMANN (Germany) said that his delegation had approved, despite certain hesitations, the waiver granted to the United Kingdom at the last Session. As the new request of the United Kingdom was only consequential upon the earlier decision his delegation was prepared to approve this request in the same spirit as that in which it had approved the decision in 1953.

Mr. MACHADO (Brazil) thought that the basic intent of paragraph 2 of Article I of the General Agreement on Tariffs and Trade was to freeze the area of preference. A request to extend it further was now being made. In his view an interpretation of the Decision of the previous year was all that was required. His delegation would in any case abstain on this decision.

Mr. RATTIGAN (Australia) supported the analysis of the French delegate of the United Kingdom request. The conditions laid down in the existing waiver sufficiently protected contracting parties from any unfavourable effects. He wished to emphasize, with respect to the statement by the Netherlands delegate, that the binding of margins of preference should not be used to bind the tariff levels of items which were not included in the Schedules.

Mr. GARCIA OLDINI (Chile) felt some disquiet, not at the request of the United Kingdom so much as the conditions in which it was made. The original waiver had caused a certain amount of discussion and concern, and had been granted only after an extended investigation. He, like other delegates, had thought that the requirements of the United Kingdom had been fully met. A tendency was becoming apparent to minimize one of the basic conditions of the General Agreement, which was the freezing of margins of preference. The Chilean delegation did not oppose the granting of waivers when they were necessary, but feared such requests as the present one which gave the appearance of being the first in a series and for which such a summary procedure was suggested. These matters were usually carefully studied by a working party in all their aspects and repercussions. The proposed Decision before the CONTRACTING PARTIES had been drafted by the delegation concerned. He would not be able to support either the procedure or the substance of this matter.

Mr. BROWN (United States) said that his delegation had at the last Session been able to agree to the granting of the waiver to the United Kingdom because, as a result of circumstances which existed and could not be changed, the effect of the no-new-preference rule had resulted in binding unbound rates, and because, under the terms of the waiver, the CONTRACTING PARTIES had the final word in deciding whether any diversion of trade had occurred. The logic of the earlier decision applied to this one. There was no reason why rates which were subsequently unbound should in fact be indirectly bound. Since no change was proposed in the procedure of the waiver, he would support the United Kingdom request.

Mr. SEIDENFADEN (Denmark) shared the views of the Netherlands representative and referred to the difficulties which the granting of the original waiver had created for several delegations, including his own. He felt that the original waiver would not have received the two-thirds majority if it had not then been limited to the tariff rates which were at that moment unbound. They could not accordingly consider the present request as simply being consequential upon the decision of last year. His Government felt, moreover, that the granting of this request would be a strong inducement to the unbinding of rates presently bound. This would endanger the present stability of the tariff schedules and further enlarge the field of circumvention of the no-new-preference rule.

The Danish delegation had abstained on the voting at the previous Session and they would take the same attitude on the present request.

Mr. JHA (India) said that his delegation was in principle opposed to the extension of preferences and for that reason had been unable to support the Australian proposal with regard to Article I. The present request was, however, not to extend the area of preference except in a technical sense. By the terms of the waiver the United Kingdom was prevented from diverting trade. The United Kingdom through various Commonwealth agreements was committed to giving duty-free treatment to imports of certain goods from the Commonwealth. It was, therefore, in the position of either having to impose duties on Commonwealth goods or to widen the margins of preference. Mr. Jha considered that the largest list of free items was a help not only to Commonwealth trade, but to world trade, and it was desirable that this continue unimpaired. Since this was a purely technical extension of the waiver to cover items which might subsequently be unbound, he would support the United Kingdom request.

Dr. HELMI (Indonesia) said that they had abstained on last year's voting and would abstain now.

Mr. OSMAN ALI (Pakistan) regarded the request as a purely technical extension and would support it.

The CHAIRMAN said that in view of the attitude of the Chilean delegation he felt that there was no alternative but to appoint a working party and proposed a working party composed of Australia, Belgium, Brazil, Chile, France, Germany, India, the Netherlands, Norway, United Kingdom, United States, with Mr. Belfrage (Sweden) as Chairman, and the following terms of reference:

"To examine the United Kingdom request for amendment of the Decision of 24 October 1953 and to submit recommendations to the CONTRACTING PARTIES."

The membership and terms of reference were approved.

3. Report of Review Working Party II - continued (L/329)

The discussion resumed on paragraphs 36 to 43 - New Article, Tariff Negotiations, and in particular on The Netherlands request to establish by vote the position of contracting parties on the thesis that a replacement of quantitative restrictions by such an increase of tariffs, as referred to in paragraph 42 could be referred to the CONTRACTING PARTIES¹.

Mr. GARCIA OLDINI (Chile) referred to paragraph 42. Since 1948 the thesis had been propounded that it was desirable to eliminate quantitative restrictions. To the countries which maintained that they needed to defend their industries the reply was always made that the instrument of the tariff was open to them. Now, just at the point where certain countries were beginning to accept this point of view and willing to try this method of protection, an attack on tariffs replacing quantitative restrictions was beginning in the CONTRACTING PARTIES. The natural result would be that underdeveloped countries would have neither quantitative restrictions nor tariffs as a method of defence and would find themselves completely at the mercy of industrialized countries. His delegation considered unacceptable any language which, however indirectly, supported such a theory.

Mr. HADJI VASSILIOU (Greece) thought that the Greek case was a typical example to which the proposal of the Scandinavian and Benelux countries could apply. Greece had eliminated two years ago almost completely its quantitative restrictions and had notified during the course of this Session its wish to renegotiate its tariff. Mr. Hadji Vassiliou wished to clarify the attitude of the Greek Government to the proposal in general. Neither the Preamble nor the general objectives of the Agreement contained any provision concerning the lowering of tariffs; nevertheless this was a matter within the spirit of the Agreement and had been studied in a technical manner within the CONTRACTING PARTIES for some two years. Implicitly therefore the CONTRACTING PARTIES had admitted that a gap existed which must be filled. The Greek Government, although it was not able to take such measures at the moment, supported in principle the inclusion of an Article of this sort as a general objective, so

¹ The exact wording of the Netherlands proposal appears on page 17.

long as no obligation were attached to it. The proposal referred to in paragraph 42, that an increase in duties by a country which had eliminated its quantitative restrictions could be referred to the CONTRACTING PARTIES, was an extension of the original proposal which his delegation could not support. They opposed in principle such an examination which would presuppose a discretionary power on the part of the CONTRACTING PARTIES.

Mr. CRAWFORD (Australia) said that his Government joined the majority mentioned in paragraph 42 in opposing the reference of such matters to the CONTRACTING PARTIES.

Dr. NAUDE (South Africa) sympathized with the objective of the Netherlands proposal, but he was unable to commit his Government on this matter and would abstain in any vote on paragraph 42.

Mr. ANZILOTTI (Italy) said that his delegation had always considered that quantitative restrictions and tariffs should be considered together and that tariffs should not be raised if quantitative restrictions were removed, nor vice versa.

Mr. HADJI VASSILIOU (Greece) reiterated a suggestion which his delegation had made frequently during the Session, that a study be made of the equilibrium which should prevail between different methods of protection. Had such a study been made, his delegation would, on the assumption that certain criteria would then have been established, have been in a position to approve the proposal contained in paragraph 42.

Mr. CLULOW (Uruguay) reserved the position of his delegation on paragraph 42.

Mr. DONNE (France) also joined the majority referred to in the paragraph as opposing referral to the CONTRACTING PARTIES. National industries could be protected either by tariffs or by quotas, and once quotas had been definitively forbidden by the GATT, a contracting party should be permitted to use the tariff to protect its industries. He wished to add that there was no question of the French Government seeking an occasion to raise their tariffs. It would be noted that 85 per cent of French imports had been bound under the Agreement and the measures envisaged in paragraph 42 obviously applied only to unbound tariff rates.

Mr. JHA (India) thought that the suggested interpretation by The Netherlands carried the implication that, since a country which had been using quantitative restrictions was not to be free to raise tariffs after their removal, countries which had been in balance-of-payments difficulties were to have less freedom than those which had not. His delegation had agreed to paragraph 42 as a compromise. If The Netherlands intended to raise the matter again, he would propose a deletion of paragraph 42.

Mr. CRAWFORD (Australia) explained that the reason his delegation could not accept the proposed statement was that it implied a control by the CONTRACTING PARTIES of the unbound tariff rates. He considered that, if serious damage were done by any particular increase in a duty, any contracting party had the right to raise the matter under Article XXIII:1(b).

Mr. VARGAS GOMEZ (Cuba) said that his Government sympathized with the principle that a removal of quantitative restrictions should not be accompanied by an increase in tariff rates, but this proposal limited the rights of contracting parties over their own unbound tariffs and his Government could not support such a suggestion.

Mr. GARCIA OLDINI (Chile) questioned the legal basis of a suggestion that the CONTRACTING PARTIES had the right to prevent a contracting party from imposing or changing unbound rates. The sovereign right of each government over such rates had always been recognized, and any other suggestion was unacceptable. Moreover, from the psychological point of view such a suggestion was an inducement to maintain quantitative restrictions.

Baron BENTINCK (The Netherlands) emphasized that his suggestion referred only to the second to the last sentence of the paragraph and was an endeavour to ascertain whether the majority of the contracting parties, as well as of the Working Party, also opposed the proposal. It would not in any way affect the paragraph in the Report. The Netherlands proposal, as amended by the United Kingdom, and reading as follows:

"It is recognized that a replacement of quantitative restrictions by such increase of customs duties as has the effect of nullifying or substantially impairing the benefits to be reasonably expected from removal of the restrictions, could be referred to the CONTRACTING PARTIES by a contracting party having a substantial interest in the export of the products affected. The CONTRACTING PARTIES when considering any such reference, should take account of all relevant considerations including the fiscal, developmental, strategic and other needs of the contracting party concerned, and also the relative progress of both parties in the reduction of tariffs and other obstacles to trade."

was put to the vote by roll-call.

The proposal was supported by: Belgium, Denmark, Dominican Republic, Luxemburg, Netherlands, Norway, Sweden, United Kingdom and United States.

The following countries opposed the proposal: Australia, Brazil, Burma, Canada, Ceylon, Chile, Cuba, France, Greece, India, Indonesia, New Zealand, Pakistan, Peru, Rhodesia and Nyasaland, Turkey, Uruguay.

Austria, Czechoslovakia, Finland, Germany, Italy, Japan and the Union of South Africa abstained. (Haiti and Nicaragua were absent).

The proposal was thus defeated by 9 votes in favour, 17 against and 6 abstentions.

Baron BENTINCK (The Netherlands), referring to paragraph 41, raised the question of where in the Agreement the new Article should be placed, and stated that his delegation would prefer to have it inserted into Part I.

There being no support for this view, it was agreed that the new Article should be placed in Part III.

Paragraphs 36 to 43 relating to the new Article on tariff negotiations were approved.

Articles XVIII and XXVIII (paragraphs 22, 23, 27-35, and 44-46)

The CHAIRMAN pointed out that paragraphs 22 and 23 together with the footnote on page 10 of the Report would be reverted, if necessary, to when the Report from Working Party I on Article XVIII was before the CONTRACTING PARTIES.

Mr. COHEN (United Kingdom), referring to paragraph 29, explained the difficulties of his Government, not with the substance of the settlement of Article XXVIII, but with the form, which they feared might lead to a misunderstanding, especially in their own and other industrial countries. From the present form of the Article, and particularly of Regulation 5, it was possible to have the impression that every third year there would be a six-months period when it was open to anyone to renegotiate as many concessions as they wished. Pressure from industries would be difficult to resist, and the stability of the tariff rates would be threatened. He thought that some basis could be found to recast the wording of paragraphs 1 and 5, and Regulation 5, which would not in any way prejudice the substance of the settlement but improve the presentational aspect, and suggested that the consideration of this be deferred until his delegation was able to meet with those delegations particularly interested in order to find a suitable form of words.

Mr. MACHADO (Brazil) thought the Article clearly gave the right after three years to renegotiate, and his delegation preferred retaining that right clearly stated, even if the result was a certain amount of pressure.

Mr. VARGAS GOMEZ (Cuba) opposed the United Kingdom request, which would raise again an issue which had been carefully and exhaustively considered and settled with great difficulty. The reservations and proposals of the United Kingdom, which were contained on page 30 of the Report, had been continuously studied in innumerable groups of the conference. The changes which they proposed to Regulation 5 were not drafting changes but substantive ones, to which many contracting parties attached importance. He considered the request unacceptable at so late a stage of the conference.

Dr. NAUDE (South Africa) said that his delegation was well aware of the difficulty of the compromise. It was also one of those delegations particularly interested in retaining the rights under Article XXVIII but he did not think that the views of the United Kingdom, one of the major trading countries and for many contracting parties occupying a central position in their trade, should be disregarded. It was reasonable to try and reach an acceptable solution on what contracting parties were assured were changes only of a drafting and presentational nature.

Mr. CRAWFORD (Australia) said that his delegation could agree to no change of substance but hoped that, despite the lateness of the United Kingdom request, it would not be refused.

Mr. GARCIA OLDINI (Chile) observed that this Article had been minutely studied. To change one word was likely to upset the delicate balance, and he did not think that, at this stage of the meeting, it would be useful to attempt such an exercise.

The CHAIRMAN observed that, since there was no large measure of support for the United Kingdom request, he would have to consider that the text of the Article and the Regulations as contained in the Report had been approved subject to the reservation of the United Kingdom. If, before the final stage of approving the Protocols were reached, the United Kingdom and other interested governments were able to reach a solution that seemed likely to meet with general approval, it would be possible for them to re-open the matter.

Mr. COHN (Dominican Republic) referred to the reservation of his Government mentioned in paragraph 30 to Regulation 1, and said that, while his Government maintained its opinion, in the interests of presenting a clean report they were prepared to withdraw the reservation.

Mr. HADJI VASSILIOU (Greece) asked that the statement of the position of his Government as set out in paragraph 31 be corrected. The first reservation to paragraph 2 had been withdrawn in the Working Party and the second reservation should refer to the suggestion of his delegation that the words "substantially equivalent concessions" be replaced by "adequate concessions", with a view to making the new text more flexible than the old one.

Mr. Hadji Vassiliou also maintained his reservation contained in paragraph 32.

Mr. BERTRAM (Rhodesia and Nyasaland), referring to paragraph 44, said that his Government had to reserve its position on the question of the firm validity of the Schedules because of the fact that it was in the course of framing a new tariff.

Mr. MACHADO (Brazil) asked whether the prolongation of the firm validity would be the object of a protocol and also whether the period envisaged for the Article XXVIII negotiations could either be shortened or specified so that countries would know when to send the necessary personnel.

The EXECUTIVE SECRETARY explained that the same procedure would be followed for rebinding the Schedules as on earlier occasions. The legal instrument to give effect to the rebinding would be a Declaration which would be open for signature until 30 June and become effective on 1 July. The results of the negotiations pursuant to Article XXVIII, both those which had been completed before 30 June would be covered by the Declaration, and those which were not completed until 30 September by a decision of the CONTRACTING PARTIES.

As to the procedure for the negotiations, it had become clear that a uniform date for all the negotiations was not possible. The secretariat, however, was attempting to co-ordinate the negotiations and intended to notify all delegations of the dates for each negotiation.

Mr. COHN (Dominican Republic) said that his Government was studying the possibility of changing from specific duties to ad valorem duties and wished the possibility for consideration of such a change left open.

The CONTRACTING PARTIES agreed to invite contracting parties to extend the firm validity of their schedules until 31 December 1957.

Dr. NAUDE (South Africa) said that his Government attached great importance to the stability of the Schedules and had authorized him to state already that they were sympathetically disposed to a revalidation of the South African schedule. Their final decision on this matter would of course have to await the outcome of their negotiations under Article XXVIII and of the Review.

Mr. HADJI VASSILIOU (Greece) referring to paragraph 45, maintained the reservation which was recorded in that paragraph.

In reply to a question by the United Kingdom delegate with regard to paragraph 45, and an observation of the Netherlands delegate, it was agreed that the provisions of Article XXVIII, paragraph 4, should become operative on 1 July at the same time as the Declaration extending the Schedules. It would be provided, however, in the Decision to be drawn up by the Executive Secretary relating to the immediate application of paragraph 4 that the Netherlands negotiations, which had been undertaken pursuant to the sympathetic consideration procedures, chosen by the Netherlands and agreed to by the CONTRACTING PARTIES, should take place under the revised Article XXVIII:4.

It was agreed that the provisions of Article XVIII A (paragraph 46) should be brought into operation without delay and that the Executive Secretary should prepare a draft decision.

The report of Working Party II was adopted as a whole, subject to the reservations and modifications noted.

The meeting adjourned at 6.30 p.m.