

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.9/42

16 March 1955

Limited Distribution

CONTRACTING PARTIES
Ninth Session

SUMMARY RECORD OF THE FORTY-SECOND MEETING

Held at the Palais des Nations, Geneva
on Friday, 4 March 1955, at 10 a.m.

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

- Subjects discussed:
1. Report of Review Working Party I - Part II
 2. Report of Working Party 4
 3. Plans for Tariff Reduction - Appointment of Intersessional Working Party
 4. Resolution on Investment for Economic Development
 5. Resolution on Disposal of Surpluses
 6. Resolution on Disposal of Strategic Stocks
 7. Protocols of Amendments
 - (i) Number of Protocols
 - (ii) Whether amendment is considered as single amendment for purposes of acceptance
 8. Date and Place of Tenth Session
 9. Belgian Restrictions on Imports of Coal

1. Report of Review Working Party I - Part II (L/332/Add.1)

Mr. SUETENS, Chairman of the Working Party, introduced the report on governmental assistance to economic development. Article XVIII had been recast to include as far as possible all aspects of the problem of reconciling the requirements of economic development with the obligations undertaken under the General Agreement regarding the conduct of commercial policy.

The report was then taken up paragraph by paragraph and comments were made on individual paragraphs as noted below.

Mr. GARCIA OLDINI (Chile) referring to paragraph 46 called attention to the reservation of his Government on sub-paragraph (c)(1) of paragraph 12 (page 13).

Mr. PERERA (Ceylon) referring to paragraph 51 said that his delegation had hoped during the Review Session to obtain a really satisfactory Article XVIII. A more liberal Article was essential for Ceylon, where the provisions of the present Agreement had come to be regarded with a certain amount of apprehension. His delegation had hoped to obtain authorization to impose quantitative restrictions.

Although certain amendments had been made in the Article its scope had not been materially broadened. He would admit, in fairness, that the new text was an improvement on the old, but would not conceal his dissatisfaction at the fact that the new Article was limited to new industries or to the substantial transformation of existing industries. Ceylon was a country whose economic system rested on agriculture. The peasants occupied themselves also with handicrafts. When Ceylon became independent the Government had put these handicrafts on an organized basis, and expected a substantial increase in this industry eventually. These were old industries, and by their own nature, although not static, they were not susceptible to great expansion. But they were too important an element in their traditionalist agricultural economy to be allowed to die out, particularly in view of his country's scarcity of capital and rising population. It was therefore extremely important for Ceylon that the possibility of protection for these activities should be made available. They had been told that this was a special case and that they could apply to the CONTRACTING PARTIES for a waiver. He could only note, however, the growing distaste in the CONTRACTING PARTIES for the use of waivers. The Ceylon delegation had therefore been instructed to reserve the position of its Government on the whole Article XVIII.

The delegates of Pakistan and India withdrew their reservations to the interpretative note to paragraphs 2, 3, 7, 13 and 22.

Mr. HADJI VASSILIOU (Greece) while feeling that the proposed new text of Article XVIII was an improvement, nevertheless associated himself with the views of the Ceylon delegate. The Article did not mention explicitly protection of existing industries and continued to refer to adequate compensation, despite the insistence of his delegation on the need for greater flexibility in this regard. It was true that the interpretative note was to some extent reassuring but they would have preferred a more explicit drafting in the Article itself. The Greek delegation reserved its position on paragraphs 38 and 52 of the report.

Mr. HAYTA (Turkey) maintained the reservation of his Government.

In reply to a question by the Norwegian delegate relating to paragraph 58 and paragraphs 15 and 16 of the Article, it was stated that the consultations referred to in those paragraphs could take place at the request of any contracting party. An interpretative note had been prepared to cover this (L/332/Add.1/Corr.1).

The report as a whole was approved subject to the reservations and comments noted.

2. Report of Working Party 4 on Balance-of-Payments Import Restrictions (L/337)

The CHAIRMAN introduced the Report, in the absence of Mr. Koht, Chairman of the Working Party. It was taken up paragraph by paragraph and comments were made on individual paragraphs as noted below.

In reply to a question by the Norwegian representative referring to paragraph 8, the Chairman explained that a questionnaire similar to the one circulated last year would be issued this year.

Mr. CRAWFORD (Australia) referring to paragraph 9 (L/337/Corr.1) expressed his doubts on the advisability of holding consultations through the intersessional procedure; in any case they should be so conducted only with the concurrence of the consulting contracting party.

The CONTRACTING PARTIES adopted the Report as a whole.

3. Plans for Tariff Reduction - Appointment of Intersessional Working Party
(G/89)

The CHAIRMAN recalled that the Report of Working Party II had been approved at an earlier meeting (SR.9/37). The appointment of an intersessional working party on plans for tariff reduction had, however, been deferred. In view of the fact that many delegates had said it was unlikely that their governments would find it possible to participate in any plan for tariff reduction, it had seemed advisable to appoint, as members of the working party, only representatives of governments interested in developing a plan which they could recommend for adoption. It was understood that all contracting parties were entitled, as usual, to send observers, and any contracting party which so desired could be co-opted as a member. He proposed the following membership of the working party:

Chairman: Mr. Koht (Norway)

Members: Australia, Belgium, Canada, Denmark, France, Germany, Italy, Japan, The Netherlands, Sweden, United Kingdom, United States.

The terms of reference, which had been approved at the earlier meeting, were contained in document G/89.

The CONTRACTING PARTIES approved the membership proposed.

Mr. IBSEN (Norway) thanked the CONTRACTING PARTIES for the election of Mr. Koht and hoped that he would be able to accept the chairmanship.

4. Resolution on Investment for Economic Development (L/327, page 32)

Mr. FINNMARK (Sweden); supported by Dr. NAUDE (South Africa) wondered whether this resolution fell within the field of activity of the CONTRACTING PARTIES.

Dr. SVEC (Czechoslovakia) said that the fundamental condition of economic development was the full utilization of domestic resources: foreign capital could only play a part in that process of development. He understood this to be the sense of the resolution and, on this understanding, he would support it.

The CONTRACTING PARTIES approved the resolution by 31 votes in favour, none against.

5. Resolution on Disposal of Surpluses (/L334, page 15)

The CONTRACTING PARTIES approved the resolution by a vote of 32 votes in favour, none against.

6. Resolution on Disposal of Strategic Stocks (L/334/Add.1, page 2)

The CONTRACTING PARTIES approved the resolution by 32 votes in favour, none against.

7. Protocols of Amendments - Number of Amendments

The DEPUTY EXECUTIVE SECRETARY referred to the Report of the Legal and Drafting Committee (W.9/173) which had examined the question as to whether the amendments drawn up at the Review could be embodied in one protocol or would have to be embodied in two or more. They had agreed that, from the legal point of view, there was no objection to including in a single protocol all amendments the entry into force of which was dependent on acceptance by two-thirds of the contracting parties and to the treating as one amendment of all such amendments. The Legal and Drafting Committee had concluded that modifications requiring acceptance by all the contracting parties could not be included in the protocol of amendments which required acceptance by two-thirds. They had not considered from a legal point of view whether all the amendments requiring unanimity should be treated as a single amendment or whether they should be treated separately. It was suggested that it might be preferable for the CONTRACTING PARTIES to decide upon this matter in the light of the actual amendments proposed. In reply to a question by the delegate of Indonesia, the Deputy Executive Secretary stated that the legal position of any contracting party vis-à-vis other contracting parties was not affected until an amendment entered into force. In reply to a question by the delegate of Chile, he stated that a contracting party which had not accepted an amendment requiring two-thirds would be bound by the existing text. He referred also to Article XXX which provided that if such amendments had entered into force the CONTRACTING PARTIES could decide that a contracting party which had not accepted them should be "free to withdraw from this Agreement or to remain a contracting party with the consent of the CONTRACTING PARTIES". In reply to a question by the delegate of Cuba, he stated that if all of the amendments requiring unanimity were included in a protocol as a single amendment, failure to accept any one of those amendments would prevent all of them from entering into force. It was realized that to require acceptance as a single amendment of the amendments requiring unanimity might cause difficulties to some governments, and the Legal and Drafting Committee was prepared to consider some other formula which might meet such difficulties.

Mr. MACHADO (Brazil) observed that the amendments requiring unanimity were largely technical and of minor importance.

Mr. VARGAS GOMEZ (Cuba) emphasized that the amendments relating to Article XXIX were considered of great importance by his Government, and he did not know whether they would be able to accept the deletion of that Article.

Mr. GARICA OLDINI (Chile) agreed with the delegate of Cuba on the difficulty of regarding all the amendments requiring unanimity as a single amendment, and suggested that if they were included in a single protocol they might be opened separately for acceptance.

Mr. IBSEN (Norway) observed that the deletion of Article XXIX was linked to the inclusion of a new Article in Part I, and these two amendments should be considered together as a single amendment. He proposed that there be two protocols relating to two-thirds amendments, one of which contained the amendments which should not enter into force before the organizational agreement entered into force.

Mr. HARIKI MORI (Japan) said that there would be an advantage in having a separate protocol embodying the technical amendments requiring unanimity.

Mr. BROWN (United States) supported the view of the Norwegian delegate that the amendments relating to the deletion of Article XXIX and the insertion of a new Article I should be treated as a single amendment.

The CHAIRMAN said that the consensus of opinion appeared to favour the drawing up of two protocols for amendments requiring a two-thirds majority for entry into force, the amendments in each to be treated as a single amendment. With regard to the protocol of amendments requiring unanimity, the Legal and Drafting Committee might be instructed to draw up a protocol, the amendments contained in which could be adopted separately. The CONTRACTING PARTIES could revert to the consideration of this matter when the text of the Protocol was before them.

The Chairman referred to paragraph 8 of the note on procedure for concluding the plenaries (W.9/244), and observed that the CONTRACTING PARTIES had now decided that the depositary of the protocols and the Organizational Agreement should be the Executive Secretary in Geneva. Accordingly, it was necessary to agree on a date until which the instruments could remain open for signature.

It was agreed on the suggestion of the Austrian delegate, supported by the Swedish and Australian delegates that, if any contracting party had been unable to accept the instruments by the Tenth Session, the CONTRACTING PARTIES would extend the date for acceptance at that time.

Mr. SEIDENFADEN (Denmark) and Mr. MACHADO (Brazil) felt that a precise date, say 10 October, was desirable, both to give governments the possibility of putting pressure on their legislatures and to provide a time limit by which, if the instruments had not been signed, the CONTRACTING PARTIES could review the situation.

The discussion on the exact date until which the instruments would be open for signature was deferred.

8. Date and Place of the Tenth Session

The CHAIRMAN suggested 10 October as the earliest and 5 January 1956 as the latest possible date for the Tenth Session.

The EXECUTIVE SECRETARY pointed out the advantage of holding a short session in the autumn of this year and expressly recording that, if any contracting party had been unable to accept the instruments by the Tenth Session an extension would be granted to it. If the Tenth Session were not held until January and the Organizational Agreement had not by then entered into force it might be necessary to call another conference in the spring.

A discussion on the date of the next Session followed, in which 10 October was proposed and supported by some delegations, while others, whose parliamentary timetable made approval of the protocols improbable or impossible by that time, reserved their position.

The discussion on the date of the Tenth Session was deferred.

9. Belgian Restrictions on Imports of Coal (L/258)

Mr. BROWN (United States) said that since this matter had been placed on the agenda of the CONTRACTING PARTIES, the Governments of Belgium and the United States had continued consultations in an effort to find a mutually satisfactory solution to the problems set forth in L/258. As a result of these efforts the Belgian Government had recently taken steps which substantially increased the licensing of imports of United States coal, pending a joint review of the entire situation by the two governments in the middle of the year. The United States Government was aware of the technical difficulties of the Belgian Government in relation to imports of coal from sources outside the European Coal and Steel Community and it understood their desire for an opportunity to review the matter after those special aspects of the situation had been further studied. Meanwhile the recent arrangements of the Belgian Government constituted gratifying progress towards the elimination of the problem. The United States did not, therefore, wish to press their complaint at this time, and wished to withdraw the item from the agenda of the Ninth Session. In so doing they would reserve their right to bring the matter before the CONTRACTING PARTIES again should such action appear desirable in the light of the outcome of the contemplated review. Mr. Brown wished to express his appreciation for the co-operative approach of the Belgian Government and for the constructive effort they had made to meet the situation which had given rise to the United States complaint.

Mr. STUYCK (Belgium) associated himself with the statement made by the United States representative and expressed his appreciation of the spirit of understanding which had prevailed during the talks.

The CONTRACTING PARTIES took note of these statements.

The meeting adjourned at 12.45 p.m.