

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Thirteenth Session

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SUMMARY RECORD OF THE EIGHTEENTH MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 20 November 1958 at 10.30 a.m.

Chairman: Mr. L.K. JHA (India)

- Subjects discussed:
1. Italy/Libya Waiver - Report by Working Party
 2. Agricultural Waivers (United States and Belgium) - Reports by Working Party
 3. Italian Discrimination against Imported Agricultural Machinery
 4. Italian Measures in favour of Domestic Production of Ships' Plates
 5. Freight Dumping
 6. Anti-Dumping and Countervailing Duties
 7. Status of Protocols and of the Agreement on the Organization for Trade Cooperation
 8. Acceptance of GATT pursuant to Article XXVI
 9. Nomination of the Chairman of ICCICA

1. Italy/Libya Waiver - Report by the Working Party (L/917)

Mr. SCHWARZMANN (Canada), Chairman of the Working Party, introduced the report. As instructed by the CONTRACTING PARTIES the Working Party had examined the Annual Reports submitted by the Governments of Italy and Libya, under the Decision of 9 October 1952 as amended by the Decision of 25 November 1955, and had considered the request by the Italian Government for a further extension of the Decision and for certain changes in the schedule of products of Libyan origin accorded special treatment on entry into the Italian customs territory. Unanimous agreement had been expressed in the Working Party in support of the Italian request. The Working Party therefore recommended an extension until the end of 1961 and the adoption by the CONTRACTING PARTIES of the proposed modifications to the schedule annexed to the Decision of 9 October 1952 as amended.

The CONTRACTING PARTIES adopted the Reports and approved the Decision (as corrected by document L/917/Corr.1) by thirty-one votes in favour.

Mr. PARBONI (Italy) and Mr. ABDULKAFI (Observer for Libya) expressed appreciation for the support their delegations had received both in the Working Party and in the CONTRACTING PARTIES.

2. Agricultural Waivers - Reports by the Working Party
 - Report on the United States Waiver (L/918)
 - Report on the Belgian Waiver (L/919)

Mr. MERINO (Chile), Chairman of the Working Party, presented the two reports.

In accordance with its terms of reference the Working Party had examined the Fourth Annual Report submitted by the United States Government under the Decision of 5 March 1955. The Working Party proposed that the United States Government be invited to submit future reports at least one month before the beginning of the session in order to permit a careful and thorough study. As instructed by the CONTRACTING PARTIES, the Working Party had also considered the question raised by the Government of the Kingdom of the Netherlands concerning the United States import restrictions on dairy products. As in past years the Working Party recommended that the CONTRACTING PARTIES authorize the Government of the Netherlands to apply a limitation on imports of wheat flour from the United States during 1959.

The Working Party had also considered the Third Annual Report of the Government of Belgium under the Decision of 3 December 1955. The Working Party's Report contained a recommendation that the CONTRACTING PARTIES express "the expectation that future reports will show clear evidence of substantial progress towards fulfilment of the intention of the Waiver and provide fuller information on the future programme of progressive relaxation".

The CONTRACTING PARTIES adopted the Report on the United States Waiver and authorized the Government of the Kingdom of the Netherlands to suspend the application to the United States of its obligations under the General Agreement to the extent necessary to allow it to apply a limit of 60,000 metric tons on imports of wheat flour from the United States during the calendar year 1959.

At the request of Mr. DEFELICE (United States), it was agreed to derestrict forthwith the Fourth Annual Report (L/862) submitted by the United States Government under the Decision of 5 March 1955.

The Report on the Belgian Waiver was adopted.

Mr. GUNDELACH (Denmark) expressed appreciation for the co-operation of the representatives of the United States and Belgium during the debates in the Working Party. Even if not all the points raised by representatives of agricultural exporting countries had been met, the discussions had once again proved useful.

3. Italian Discrimination against Imported Agricultural Machinery

The Chairman recalled that on 23 October (SR.13/8), the CONTRACTING PARTIES adopted the report of the Panel (L/833) which had examined the question raised by the United Kingdom Government concerning certain measures taken by the Government of Italy and approved a recommendation contained therein. At that time the two delegations had announced their intention to hold further bilateral consultations with a view to arriving at a solution of the kind envisaged in the recommendation.

Mr. JARDINE (United Kingdom) reported that an agreement had been reached with the Italian delegation in accordance with the Panel's recommendation. Although this did not involve amendment of the Italian legislation, which was the solution preferred by his Government, he expressed the hope that the Italian Government would eventually be in a position to amend the relevant Law to remove the aspects which had been the subject of the complaint. Nevertheless, on the basis of the agreement reached, he requested the CONTRACTING PARTIES to remove this item from the agenda; in doing so, however, his delegation reserved the right to raise the matter again should there be a renewal of those aspects of the Law which led to the complaint.

Mr. PARBONI (Italy) confirmed that an agreement had been reached on this question along the lines of the Panel's recommendation. He had noted the statement by the representative of the United Kingdom and would transmit these views to his Government.

The CHAIRMAN stated that the CONTRACTING PARTIES would be gratified to note that once again a difference had been satisfactorily settled through the procedures for conciliation.

4. Italian Measures in favour of Domestic Production of Ships' Plates

The CHAIRMAN recalled that at the Plenary Meeting on 3 November (SR.13/12), the representatives of Austria and Italy had reported on their consultations on this matter, and had been invited to inform the CONTRACTING PARTIES of the results.

Mr. TREU (Austria) said that he was pleased to report that the consultations had led to a result. He therefore proposed, in agreement with the Italian delegation, that the item should no longer be retained on the agenda.

Mr. PARBONI (Italy) confirmed that the consultations had permitted a clarification of the issue and that agreement had been reached with the Austrian delegation.

The CONTRACTING PARTIES took note of the statements by the Austrian and Italian representatives that this difference had been settled.

5. Freight Dumping (MGT/128/58)

The CHAIRMAN recalled that at the conclusion of the discussion on 14 November (SR.13/16) a small working group had been appointed to consider the freight dumping problem brought before the CONTRACTING PARTIES by the South African delegation. The Group had now communicated its views to him. The Group felt that it would be appropriate for the CONTRACTING PARTIES to indicate that they welcomed the decision of the South African Government to refer the matter to the CONTRACTING PARTIES before adopting measures to deal with the situation. Some members of the Group indicated that, in the limited time available, it would not be possible for their governments to give detailed consideration to all the issues which they believed might be involved in the course of action for which the South African Government had sought the formal concurrence of the CONTRACTING PARTIES. The Group noted, however, that most of the representatives of contracting parties who spoke in the plenary debate on this subject agreed that, on the basis of the facts as presented by the South African Government, it would be less restrictive of international trade and thus in keeping with the spirit and the objectives of the General Agreement if, instead of raising the normal rates of duty on the particular types of paper which South Africa was entitled to do because these rates were not bound under the General Agreement, the South African Government were to offset by means of a countervailing duty the abnormal freight rate reduction introduced by certain shipping companies on the particular types of paper shipped to South Africa from one country.

In view of the urgency of the problem and the consequent need for immediate remedial action by the South African Government, the Group concluded that the most practical procedure for dealing with the matter at this late stage in the Session would be for the CONTRACTING PARTIES merely to place on record that the plenary discussions on this subject had revealed a wide measure of support for the action proposed by South Africa. It was, of course, recognized that under the applicable provisions of the General Agreement any interested contracting party might seek consultations with South Africa on any aspects of the action which that country might take to avert the threat to the domestic paper industry.

The CONTRACTING PARTIES approved these conclusions.

Mr. MERINO (Chile), although he concurred with the conclusions as proposed, wished to record his delegation's disappointment at the fact that the CONTRACTING PARTIES could not take an explicit decision on this matter.

Mr. STEYN (South Africa) expressed his delegation's appreciation for the sympathy and understanding that had been shown by many contracting parties for the problem raised by his Government.

6. Anti-dumping and Countervailing Duties (L/908)

The CHAIRMAN invited the CONTRACTING PARTIES to continue the discussions held on 14 November (SR.13/16) on the proposal by the Norwegian and Swedish delegations that the Executive Secretary should convene a group of governmental experts in advance of the next Session (L/908).

Mr. FIELDS (United States) recorded his delegation's concurrence in the proposals and stated that his Government would be prepared to make a technical expert available for participation in the work of the group.

Mr. KATO (Japan) also agreed to the proposals and in doing so underlined the great interest his Government had in this matter.

The CHAIRMAN pointed out that Part II of the proposals provided for the appointment before the close of the Session of the Chairman of the group of experts. Since it had not yet been possible to obtain the necessary concurrence he suggested that only Part I of the proposals should be submitted for approval; the chairman of the group would be announced later.

The CONTRACTING PARTIES approved the proposals as set out in L/908 as amended by the Chairman.

The CHAIRMAN then recalled that, during the previous discussion, a question had been raised concerning the arrangements for the first meeting of the group. He suggested that this matter be examined before the close of the Session in conjunction with the whole programme of meetings for 1959. He also suggested that in appointing the members of the group the Executive Secretary should endeavour to find experts from countries which apply anti-dumping legislation and also from countries which have shown an interest in this question.

It was so agreed.

7. Status of Protocols and of the Agreement on the Organization for Trade Cooperation (L/904)

The CHAIRMAN referred to document L/904 setting out the present status of various protocols and other instruments. He invited attention to the status of the Protocols Amending Part I and Articles XXIX and XXX and the Protocol Amending the Preamble and Parts II and III. Although the second of these Protocols had been in force since the Twelfth Session, the amendments drawn up at the Review Session for many articles of the Agreement had not yet entered into force for four of the contracting parties. The same four governments (and also the Dominican Republic) had not yet signed the first of these Protocols with the result that it could not enter into force as it required unanimity. He asked the representatives of these contracting parties whether acceptance by their Governments might be expected in the near future.

Mr. PRIESTER (Dominican Republic) informed the meeting that his delegation now had the necessary authority to sign the Protocol Amending Part I and Articles XXIX and XXX, the Protocol of Organizational Amendments and the Procès-Verbal of Signature concerning the Protocol of Organizational Amendments.

Mr. BOUCAS (Brazil) and Mr. MERINO (Chile) reported that their delegations were awaiting instructions.

Mr. MAGARINOS (Uruguay) said that his Government was preparing a submission to Parliament on these Protocols.

The CHAIRMAN urged delegations to impress upon their Governments the difficulties which other contracting parties were facing because the necessary unanimity had not yet been reached.

The CONTRACTING PARTIES agreed to a further extension for one year of the time-limit for signature of the Amendment Protocols and instructed the Executive Secretary to prepare a draft decision for approval.

Agreement on the Organization for Trade Cooperation

The CHAIRMAN pointed out that the Agreement had been signed by only twenty contracting parties and that it was evident that many others were awaiting a decision by the United States. He asked the representative of the United States whether there was a prospect of his Government accepting this Agreement in the near future.

Mr. DEFELICE (United States) recalled that the Eighty-Fifth Congress of the United States had enacted the Trade Agreement Extension Act of 1958, extending through June 1962 the authority of the President to enter into trade agreements, but no action had been taken in respect of legislation on the Organization for Trade Cooperation before the Congress adjourned. The Congress elected earlier in November would convene in January 1959. Until the legislative programme, which the Executive would present to the new Congress, had been drawn up, his delegation would not be able to indicate what place the legislation on the OTC would occupy in that programme.

Other Protocols listed in the Report

The CHAIRMAN drew attention to the large number of protocols which had not yet entered into force owing to lack of acceptance by all contracting parties. He invited the representatives of the contracting parties concerned to bring this to the notice of their governments.

Mr. MERINO (Chile) reported that the Chilean Parliament had accepted the Second, Third, Fourth and Fifth Protocols of Rectifications and Modifications. His delegation was awaiting receipt of the necessary powers to sign these Protocols.

8. Acceptance of GATT pursuant to Article XXVI (L/905)

The CHAIRMAN said that, as shown in document L/905, only one contracting party had thus far accepted the Agreement pursuant to Article XXVI. The replies recorded in this document to an enquiry by the Executive Secretary did not indicate that there was an early prospect of the General Agreement entering into force definitively.

Mr. DEFELICE (United States) stated that the matter of the definitive application of the General Agreement pursuant to Article XXVI was under continuous consideration by his Government.

9. Nomination of Chairman of ICCICA

The CHAIRMAN recalled that the CONTRACTING PARTIES submitted a nomination each year to the Secretary-General of the United Nations for appointment as Chairman of the Interim Committee for Co-ordination of International Commodity Arrangements. As contracting parties were aware, the CONTRACTING PARTIES' nominee for the past two years had been Sir Edwin McCarthy of Australia. At a meeting of Heads of delegations it had been the unanimous view that the present Chairman be again nominated for the ensuing year, that is until the Fifteenth Session.

The CONTRACTING PARTIES agreed to nominate Sir Edwin McCarthy for the Chairmanship of ICCICA for the coming year.

The meeting adjourned at 11.15 a.m.