

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.13/7

29 October 1958

Limited Distribution

CONTRACTING PARTIES
Thirteenth Session

Pages 22/23

SUMMARY RECORD OF THE SEVENTH MEETING

Held at the Palais des Nations, Geneva,
on Tuesday, 21 October 1958, at 2.30 p.m.

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

- Subjects discussed:
1. Trends in International Trade (continued)
 2. Belgian Waiver/Import Restrictions
 3. United Kingdom Waiver/Article I
 4. United Kingdom Waiver/Dependent Overseas Territories
 5. New Zealand Waiver/Article II
 6. French Discrimination - Agricultural Machinery
 7. Fellowship Programme

I. Trends in International Trade (continued)

The following statements were made:

Mr. Yoshito SHIMODA (Ministry of Foreign Affairs, Japan) (cf. Press Release GATT/417)

Mr. G.J.J.F. STEYN (Department of Commerce and Industries, Union of South Africa) (cf. Press Release GATT/418)

Dr. W.P.H. van COORSCHOT (Director-General of Foreign Economic Relations, Kingdom of the Netherlands) (cf. Press Release GATT/419)

Mr. SUJAK BIN RAHIMAN (Ministry of Commerce and Industry, Federation of Malaya) (cf. Press Release GATT/420)

The CHAIRMAN then proceeded to sum up the general debate that had taken place on this item which, having begun with statements made by ministerial representatives during the opening days of the Session, was now regarded as having been concluded.

In the course of the deliberations a wide range of topics and subjects had been touched upon and, while differences of opinion of a major kind had been expounded on some questions such as the German import restrictions, there had been a broad accord of thought even though there were differences of view on some matters on points of detail. Many of the points raised would be reverted to during the Session under various items on the agenda. It seemed, however, that the basic theme which ran through the debate was that of an expansion of world trade. This was not an isolated theme; ministers and delegates alike had drawn attention to the increased emphasis on economic expansion in other international forums, such as the International Bank for Reconstruction and Development and the International Monetary Fund. It would be in such a broad framework that the CONTRACTING PARTIES would have to address themselves to the question of expansion of trade.

There seemed to have been three major points of emphasis to the underlying theme of the debate. Firstly, there was the proposal for a fresh round of negotiations to reduce tariff levels through techniques which had already been developed. Secondly, there were the views expressed that there should be some attempt to overcome those obstacles to the expansion of trade which arose from national agricultural policies and, thirdly, a good deal of attention had been bestowed upon other obstacles to the expansion of the export trade of under-developed countries.

A general agreement seemed to emerge from the debate that the above three points were matters to which the CONTRACTING PARTIES, consistent with the objectives set out in Article I of the General Agreement, should now address themselves. The CONTRACTING PARTIES in such a task would naturally seek the co-operation of other organizations and institutions, such as those already referred to and the European Economic Community.

As regards procedures to be followed the Chairman suggested that following the precedent established at the Twelfth Session for the examination of the Rome Treaty the CONTRACTING PARTIES might wish to set up a Committee of the Whole on the general question of expansion of trade and the three themes that emerged therefrom might be referred to sub-groups of that Committee. Accordingly he proposed the appointment of the following drafting group to prepare, in the light of the debate on this subject, precise terms of reference and recommendations for future procedures and submit them to the CONTRACTING PARTIES as a basis for their consideration of his proposal for the establishment of a Committee of the Whole:

Mr. G.A. Rattigan (Australia)
Mr. G. Oldini (Chile)
M. A. Philip (France)

Mr. W. van Oorschot (Netherlands)
Mr. C. Sanders (United Kingdom)
Mr. W.T. Beale (United States)

It was so agreed.

2. Belgian Waiver/Import Restrictions (L/877)

The CHAIRMAN referred to the Third Annual Report by the Government of Belgium (L/877) submitted pursuant to the Decision of 3 December 1955 granting a waiver in connexion with import restrictions on certain agricultural products.

Mr. SPREUTELS (Belgium) introduced the report in the preparation of which his Government had endeavoured to furnish the CONTRACTING PARTIES with all the necessary information required by the terms of the waiver, and he considered it unnecessary to add to what was contained therein. His delegation, however, was at the disposal of any contracting party requesting additional information.

Mr. GUNDELACH (Denmark) considered that the report raised certain questions, the details of which his delegation would like to examine further. Accordingly, he proposed the establishment of a working party to undertake this task.

Mr. SMITH (United States) recorded his delegation's satisfaction to note the removal of restrictions on several items and some relaxations on others. His delegation, nevertheless, wished to seek additional information on several matters when the report was examined in more detail by a working party.

Mr. RATTIGAN (Australia) said that although the report evinced some improvement on previous submissions, it still failed to give adequate information of the type requested at the Eleventh and Twelfth Sessions on such matters as commitments under bilateral agreements and reasons for maintaining particular restrictions.

Moreover, once more he was forced to record his delegation's disappointment at the slow progress Belgium was making towards elimination of the restrictions and the failure of Belgium to prepare a programme for the relaxation and removal of the restrictions. The reasons given by the Government of Belgium for its inability to prepare such a programme were far from convincing. In particular, his delegation could not accept that the entry into force of the European Economic Community should in any way modify the requirement that removal of the Belgian import restrictions should proceed as early as practicable, and in any event in accordance with the terms and conditions laid down by the CONTRACTING PARTIES at the Tenth Session.

The position regarding compliance with the terms of the waiver seemed to be further complicated by the signature of the Benelux Economic Treaty on 3 February 1958. Under this Treaty harmonization of Benelux agriculture was to be achieved by the end of 1962, which coincided with the date set down under the waiver for elimination of import restrictions. There was, however, provision for the Committee of Ministers to extend the date for harmonization until 31 December 1964. Any such extension would obviously conflict with Belgium's obligations under the General Agreement. Moreover, the controlled régime for the movement of agricultural products between the Benelux partners would necessitate similar controls against third countries. It was noted that some of the products in Lists A and B of the Treaty were not included

among the products covered by the waiver, and the use of quantitative restrictions on these products would clearly fall outside the scope of the waiver. When the report was submitted to a working party for further study his delegation would discuss the position in regard to these items, as well as other points arising from the conclusion of the Treaty.

Mr. Rattigan emphasized that apart from prospects for potential trade, his delegation's main concern in this matter was one of principle. The hard core waiver provided for a derogation from certain provisions of the General Agreement for a limited period, subject to specified conditions to enable a contracting party to make adjustments to ensure the elimination of import restrictions no longer justified on balance-of-payments grounds. If the waiver was to prove an ineffective method of dealing with hard core problems, the difficulties of countries, exporters of agricultural products, such as Australia, would be aggravated and the balance of advantages under the General Agreement between such exporters and exporters of industrial goods would be further impaired. It was therefore essential that all contracting parties, not only those with a direct trade interest in items covered by a particular waiver, display keen interest in the action taken towards the relaxation and removal of restrictions by a government to whom a waiver had been granted.

Mr. SCHWARZMANN (Canada) shared the disappointment expressed by the representative of Australia with regard to the nature of the report and the relative inadequacy of the measures described therein. He, too, had been surprised to see an explanation in the report to the effect that Belgium was in a special situation as a result of the entry into force of the European Economic Community. He supported the proposal to refer the report to a working party for more detailed examination.

The CONTRACTING PARTIES agreed to refer the report to a working party which it established with the following membership and terms of reference:

Chairman: Mr. J.E. Merino (Chile)

<u>Members:</u> Australia	Denmark	Indonesia	South Africa
Belgium	Dominican Republic	Italy	New Zealand
Canada	Ghana	Luxemburg	United Kingdom
Chile	Greece	Netherlands	United States
Czechoslovakia			

Terms of reference:

To examine the Third Annual Report by the Government of Belgium under the Decision of 3 December 1955 and to report thereon to the CONTRACTING PARTIES.

3. United Kingdom Waiver/Article I (L/850)

The CHAIRMAN referred to the Fifth Annual Report by the Government of the United Kingdom on the use of the waiver from the obligations of Article I (L/850). The report indicated that since the Twelfth Session the United Kingdom Government had invoked the waiver in respect of antimony metal and oxides.

Mr. JARDINE (United Kingdom) presented his Government's report. The products in question for which recourse had been had to the waiver were imported into the United Kingdom only in negligible quantities from countries contracting parties to the General Agreement. In accordance with the procedures laid down in the waiver the secretariat was informed of the intended action on 2 January 1958, and the changes indicated to the most-favoured-nation rates of duty were effected on 21 March 1958.

Mr. SMITH (United States) reserved his Government's position on this item pending receipt of final instructions.

The CONTRACTING PARTIES then took note of the Fifth Annual Report submitted by the United Kingdom.

4. United Kingdom Waiver/Dependent Overseas Territories (L/844)

The CONTRACTING PARTIES took note of the Fourth Annual Report by the United Kingdom (L/844) which recorded that no action had been taken under this waiver since the Twelfth Session.

5. New Zealand Waiver/Article II

The CHAIRMAN referred to the waiver granted to New Zealand at the Twelfth Session which permitted the application of a revised customs tariff and thereafter negotiations or consultations with interested contracting parties pursuant to Article XXVIII. These negotiations were to be completed by the end of the Thirteenth Session, but it was foreseen that this time-limit might be extended by the CONTRACTING PARTIES.

Mr. CASTLE (New Zealand) stated that the motives given in the request for the waiver at the Twelfth Session were still relevant. His Government had had the intention to submit the new tariff during the 1958 Parliamentary Session. Due, however, to a change in government and subsequent pressure of more urgent business, particularly measures undertaken to check the decline in overseas funds, this had been delayed. Further, the re-negotiation of the 1932 Ottawa Agreement with the United Kingdom had not been completed within the time envisaged. In view of the circumstances outlined his Government therefore requested an extension of the waiver for twelve months. The New Zealand Government intended to submit the revised tariff to the 1959 Parliamentary Session. The Minister of Customs recently announced that necessary legislative and administrative measures preliminary to the introduction of a new tariff were being undertaken.

The CONTRACTING PARTIES agreed in principle to an extension of the time-limit on the Decision of 30 November 1957, and accordingly requested the Executive Secretary to prepare a draft decision to this effect for consideration at a later meeting.

6. French Discrimination against Imported Agricultural Machinery

The CHAIRMAN recalled that at the Twelfth Session the French representative had stated that his Government was considering a proposal to remove the discrimination and that the CONTRACTING PARTIES would be notified of the action taken.

Mr. PHILIP (France) informed the CONTRACTING PARTIES that an Ordinance of 24 September 1958 had declared null and void the decree of 5 August 1957, which, by discontinuing the repayment of 15 per cent of the cost to purchasers of foreign agricultural machinery whilst maintaining it for purchasers of French agricultural machinery, had given rise to the complaint. As a result of this Ordinance all purchasers of foreign agricultural machinery were at present being granted retroactively the subsidy to which they were entitled.

Mr. JARDINE (United Kingdom) and Mr. HAGEN (Sweden) expressed their satisfaction with the decision taken by the French Government.

7. Fellowship Programme (L/865)

In introducing the Report on the third year of operation of the training programme for officials holding UNTAA Fellowships (L/865), the DEPUTY EXECUTIVE SECRETARY stated that while there had been an increase in the number of fellowships in 1958, the number had not reached that expected in 1957 because candidatures had been withdrawn, or applicants had been unable to accept the fellowships offered, or because of financial difficulties in the framework of national programmes. It seemed that the general outline of the training programme was fully satisfactory to governments which had attached great interest to the fact that the course was not strictly limited to a study of the Agreement and its administration, but dealt with commercial policy in general with particular emphasis on the rôle of commercial policy in the implementation of development programmes and other problems which concerned less developed countries. In 1958, in accordance with the instructions given by the CONTRACTING PARTIES at the Twelfth Session, officials from countries which were not contracting parties had been accepted to the course and fellowships had been granted to officials of Ecuador and Yugoslavia. This experiment had proved very successful, and the remarkable report which the officer from Ecuador had submitted to his Government would no doubt be a source of valuable information for Ecuador and other countries of the region which are not parties to the General Agreement. Apart from the officials who had followed the full course, officials holding fellowships of the UNTAA had completed their programme by a short stay of three or four weeks at the GATT secretariat.

The Deputy Executive Secretary then drew attention to the change which the UNTAA had introduced in the procedure for awarding fellowships. Instead of making specific applications for the GATT training course, governments would henceforth have to include requests for fellowships in the Category I of their general application for technical assistance. It would, as a consequence, no longer be possible to know in advance the number of fellowships for each course, and governments would have to choose between the GATT training programme or other schemes of technical assistance. It was hoped that with the collaboration of UNTAA this element of uncertainty could be reduced. However, the copies of applications submitted by governments to the UNTAA which had recently been received at the secretariat, showed that governments continued to give priority to the GATT training scheme.

Mr. GARCIA-OLDINI (Chile) said that his Government was one of those which had benefited from the fellowship programme. One of the advantages of the scheme was that young officials who became acquainted with the operation of the Agreement were able subsequently to impart their knowledge to other officials. He expressed the hope that the new procedures of the UNTAA would not have adverse effects on the scheme.

Mr. BELL (Federation of Rhodesia and Nyasaland) spoke in favour of the programme. The experience gained by one of the officials of his Government who had participated was already proving of considerable value.

Mr. SUJAK BIN RAHIMAN (Federation of Malaya) recalled that he had participated in the programme which had been most valuable for his work as leader of a delegation. He regretted the introduction of the new procedure under UNTAA since he felt that young countries might profit less freely from the scheme in the future.

Mr. BAIG (Pakistan) expressed appreciation of the programme and of the favourable outcome of the decision to accept trainees from countries which were not contracting parties since this made GATT better known and would possibly lead to further accessions.

Mr. MATHUR (India) associated himself with the tributes that had been made. His delegation was confident that governments would continue to give the programme high priority in their requests for technical assistance, and that the operation of the new procedure would be facilitated by discussion between UNTAA and the Secretariat.

Miss SEAMAN (United Kingdom) expressed the gratification of her Government as a country which shared the benefits of the scheme because of the participation of trainees from those countries on behalf of which the United Kingdom spoke in GATT. She too hoped that the changed procedure for the selection of candidates would not mean that the value of the work done would be significantly lessened but that the Executive Secretary would pay close attention to the number of candidates accepted.

Mr. BENSIS (Greece), Mr. MUNKKI (Finland), Mr. GUNVER (Turkey) and Mr. THEBAUD (Haiti) associated their respective delegations with the tributes that had already been made whilst expressing the hope that the procedural modifications would not affect the efficient functioning of the programme.

Mr. SVEC (Czechoslovakia) spoke in favour of the training programme which filled a gap in the technical field, for there was no trade organization within the United Nations. A Czechoslovak official had had the opportunity to take part in the course but his Government had been careful not to take the place of an official of an under-developed country by ensuring the creation of a seventh fellowship on a reimbursable basis.

The CHAIRMAN noted the unanimous appreciation of the programme and felt sure that the modifications would not interfere with the effectiveness of the programme of training.

The meeting adjourned at 4.35 p.m.