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SUMMARY RECORD OF THE THIRTEENTH MEETING

Held at the Palais des Nations, Geneva, on
Friday, 16 November 1962, at 2.30 p.m.

Chairman: Mr. W.P.H. VAN OORSCHOT (Kingdom of the Netherlands)

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1. Programme for expansion of trade

- (e) Committee III (continued) (L/1732 and Corr.1, L/1768 and Corr.1, L/1925)

Mr. TENEKOON (Ceylon) said that the examination of the Indian and Pakistani development plans had given point to the urgency of the problems faced by the less-developed countries. Since the establishment of Committee III some

progress had been made but such progress had been limited and slow, and had fallen short of the expectations raised by the ministerial Declaration and the Decision of 7 December 1961, which foresaw the establishment of specific programmes of action and, where feasible, target terminal dates for the progressive reduction and elimination of barriers to the exports of less-developed countries. Committee III had received a series of notifications but no concrete programme of action had been put forward until the less-developed countries had submitted the proposals which were annexed to document L/1925. In paragraph 38 of this document, the Committee had recognized that these proposals were in line with the ministerial Declaration. The barriers to the trade of less-developed countries had been identified, but now massive action on a concerted plan was required to give meaning to expressions of sympathy and hope. He said that the gap between the import requirements of the less-developed countries and their earnings could not be closed without rapid and substantial expansion of their exports, not only of foodstuffs and raw materials, but also of an increasingly wide range of manufactured goods. In the programme of action, which his delegation hoped would be studied by the Council and considered by the Ministers, certain target terminal dates had been laid down. This did not preclude phased action leading up to those target terminal dates. He expressed the hope that the industrialized countries would take note of these proposals and would consider how far they could go towards accepting them. Some of the industrialized countries had been able to accept some of the proposals in principle. The Ministers would no doubt take note of the difficulties and see how best they could be removed. His delegation particularly requested the European Economic Community to bear in mind these proposals in making new arrangements with their associated overseas territories. The concept of one world must be given meaningful expression.

Mr. GARRONE (Italy), speaking on behalf of the member States of the EEC, said that the problem of expanding the exports of less-developed countries had many aspects. A fall in prices had recently reduced their foreign exchange earnings from exports of primary products. As regards finished products exported by the less-developed countries, the problem was to secure stable and growing sales in the main markets for these goods and to avoid any tendency towards a disruption of markets, which would be harmful both to exporting and importing countries. Financial as well as commercial problems were raised by attempts to diversify the productive capacity of less-developed countries. Here the relationship between financial aid and trade was of importance. The less-developed countries were also faced with the need to improve production and marketing techniques and methods of export production. At its next meeting the

Committee should conduct a thorough study of all the difficulties hindering the expansion of the less-developed countries. The examination of the Pakistani Development Plan had highlighted these difficulties. It was hoped that similar exercises could be carried out in the future with other countries; such studies gave the work of the Committee a realistic orientation.

Mr. POPOVIC (Yugoslavia) said that the existence of barriers to the exports of less-developed countries, whether these were raw materials, tropical products or manufactured goods, was well known. Taking a long-term view, it was highly important that these countries should expand their exports of semi-manufactured products and finished goods. He stressed that the proposals contained in the programme of action annexed to the latest report of Committee III had nothing spectacular in them. The less-developed countries were sometimes felt to exaggerate the importance of foreign trade to their economies, but this was erroneous and unjust. Discussions held in Committee III on the Indian and Pakistani development plans had shown that developing countries gave first priority to making full use of domestic resources and the Declaration of the Cairo Conference had dealt mainly with internal problems. Relatively low foreign exchange earnings, however, severely hindered the process of development. To overcome this problem barriers to the exports of less-developed countries must be systematically dismantled. The GATT would justify the confidence placed in it by the less-developed countries if a constructive lead were given in this direction.

Mr. HAMZA (United Arab Republic) associated his delegation with the statements made by the representatives of India, Brazil, Indonesia, Ceylon and Yugoslavia. He said that his Government had great hopes that action would be taken following the adoption of the ministerial Declaration and Conclusions but no concrete solutions had yet been brought about. He supported the proposal that the programme of action annexed to the latest report of Committee III should be referred to the Council so that it could be considered when the agenda for the next ministerial meeting was under discussion. He requested that the United Arab Republic, which participated in its drafting, should be added to the list of governments sponsoring this programme.

Mr. GARCIA OLDINI (Chile) said that, compared with the problems facing the less-developed countries, the progress made had been very small. In Committee III these countries had asked for the removal of barriers to their exports and access to new markets. Only the industrialized countries could provide increased access on a large enough scale. These countries had however only made statements of intention and goodwill but had taken insufficient action. The problems to which Committee III had addressed itself were only among those facing the less-developed countries. Study of the Indian and Pakistani development plans had put the needs of the less-developed countries into perspective and, while it was not possible for the Committee to deal with all of these, these needs should not be forgotten. However, the relationship between trade and financial assistance should form part of the Committee's work.

U KYAW (Burma) expressed the disappointment of his Government that little action had been taken since the last ministerial meeting. Positive action was needed to assist less-developed countries which depended on exports of agricultural and primary products. The difficulties facing these products on world markets would have serious repercussions on the social scene in the exporting countries while the prosperity of industrialized countries depended on the regular availability of these products. He expressed the hope that constructive work on these problems would be undertaken at the next ministerial meeting.

Mr. LARENA (Argentina) said that the latest report of Committee III showed that some progress had been made in various sectors but that its main merit was that it drew attention to what remained to be done. There was no indication given as to when quantitative restrictions on the exports of the less-developed countries would be removed. He expressed the hope that the next ministerial meeting would arrive at a compromise solution; in the meanwhile, confrontation procedures should be established. He welcomed the fact that some unilateral tariff reductions had been made but said that much remained to be done on semi-manufactured and manufactured products. He suggested that the industrialized countries should examine the practical measures which had been taken within the framework of the Latin American Free Trade Area. These should be examined in the GATT. The Working Party on Tariff Reduction should also take note of the possibilities raised in paragraph 30 of the Committee's latest report. Turning to internal taxes and revenue duties, he pointed out that the Ministers had agreed on their position a year ago but that, once more, little had been done. His delegation did not believe that revenue from these taxes should be returned to the less-developed countries in the form of foreign assistance. True assistance was needed. The studies on this subject should be accelerated and a new programme with fixed dates should be established at the coming ministerial meeting. In conclusion, he welcomed the movement towards an amplification of the work of Committee III which, he said, was of great importance for the future of GATT.

Mr. DATSON (New Zealand) said that his Government had followed the work of Committee III with considerable interest, and expressed the view that, if the programme for the expansion of trade was to succeed, it must move forward in all its three aspects and that progress in one field alone was not enough. His Government understood and sympathized with the requests of the less-developed countries and supported the general approach of the constructive and quite moderate programme for action put forward by eighteen delegations. He associated his delegation with the remarks of the representative of the United States when he urged that governments give serious study to these concrete proposals. He also welcomed the suggestion of the representative of the United States that it might well be that the substance of a number of these proposals could be made effective in the near future. There was more than a promise of real achievement in this field in the months ahead which would add to the influence and to the efficacy of the General Agreement as a whole.

Mr. ONYIA (Nigeria) said that the progress outlined in document L/1925 was not encouraging. The less-developed countries had not lost sight of the advances which had been made since 1958 but, in the words of the report, "in relation to the magnitude and urgency of the task, this progress had been limited and slow". The solemn pledges that had been made by the industrialized countries to co-operate in securing a rapid and substantial increase in the export earnings of the less-developed countries had not been matched by the adoption of the liberal trade policies to be expected in the circumstances. Contracting parties not only continued to apply quantitative restrictions inconsistent with the provisions of the GATT against the products of less-developed countries but in many cases did so in a way which discriminated in favour of certain industrialized countries. Primary products still faced tariffs in the industrialized countries and he expressed the hope that opportunities offered by the United States Trade Expansion Act of 1962 would be utilized to the fullest extent possible in the next round of tariff negotiations to remove the obstacles in this field. With regard to fiscal charges, during the discussions of the Special Group on Trade in Tropical Products, only the United States, of the industrialized countries, had so far come forward with specific programmes of action. It was the more regrettable that this should be so after the adoption of the ministerial Declaration. It was certainly not flattering to the CONTRACTING PARTIES to note that the progress made had, as was stated in the report, fallen short of the expectations raised by this Declaration. Taking into account the overall problems faced by the less-developed countries, it was not surprising that eighteen contracting parties had put forward the proposals for a programme of action which were annexed to the latest report of the Committee. It was the belief of his delegation that these proposals would not raise insuperable difficulties for the industrialized countries. In the discussions of the Committee it had been explained that the acceptance of the terminal dates to which the proposals referred would be regarded as an undertaking and not as a legal binding beyond those already existing in the GATT. He believed that this should encourage the industrialized countries to experiment along the lines suggested, the more so as no doubt any difficulties encountered would meet with the sympathy of the sponsors of the proposals and as industrialized countries had accepted similar programmes both in the GATT and in other international bodies. Referring to the statement made by the representative of Italy on behalf of the member States of the European Economic Community, he doubted whether any useful purpose would be served by undertaking more studies of problems facing the less-developed countries as many studies had already been carried out and their outcome had not been encouraging.

Mr. WARREN (Canada) said that it was not his purpose to address his remarks to the broader problems of development amongst the less-developed countries or to the breadth and depth of their trade needs. He had listened very carefully to what had been said and would be reporting the comments made to the Canadian Government, which already gave important priority to the need to help the less-developed countries solve their development problems. His delegation was very

impressed with the report of Committee III; it seemed to be a hopeful, realistic and encouraging document. It was realized that the representatives of less-developed countries who had spoken had felt a great measure of frustration on the slowness with which the industrialized countries had been able to respond to some of the requests which had been addressed to them. On the other hand, it had to be realized that some of these requests were difficult and in order to bring about a change of approach to the problems of the trade of less-developed countries time was required. Time was required not only to identify and be sure of the problems, but also to change the political attitudes bearing on these problems. From this point of view it seemed to his delegation that this report marked a new step forward in dealing with this whole problem. It seemed that there were important areas of agreement which were identified in Committee III's report and which held out a promise of eventual specific and useful action to assist the less-developed countries in enlarging their markets and increasing their export earnings. In this connexion the submission by a number of less-developed countries of a specific programme of action designed to implement the views expressed at the last ministerial meeting, had served as an important stimulus to the work and had given it particular point on this occasion. Naturally the results were not yet to hand but he thought the report should be read very carefully in the sense of marking out the progress which had been made and the willingness which the industrialized countries had on this occasion shown, to move towards the acceptance of action which would be in line with that suggested in the programme of action.

His delegation agreed with the suggestions which had been made by Committee III to refer certain of these problems to the Working Party on Tariff Reduction and to the Special Group on Trade in Tropical Products. His delegation also agreed with the ideas which had been put forward for consultations and confrontation. It did seem to his delegation that the timing was right, that the recognition and identification of these problems and the broad political awareness which now surrounded them were such that in the negotiating period which lay ahead, many of these problems could be dealt with in a way which would be satisfactory to the less-developed countries and also to the industrialized countries. He hoped that in this connexion it would not be thought that there was only problems for the industrialized countries. There was also great prospect for the opening up of trade channels between the less-developed countries themselves and he assumed that where it was suggested, for example, that barriers should be removed from trade in tropical products, raw materials, etc. the less-developed countries would take action vis-à-vis one another.

His delegation was also interested in the paragraphs in the report concerning the enlargement of the scope of the work of Committee III. In his view discussions during the session had revealed that there were some new avenues for really useful work in the Committee, but he considered that work in the GATT should be concentrated on the trade aspect, where GATT had the greatest expertise and the greatest experience. It was appreciated that there were many aspects to the development problem and that there were many ways of helping to meet the needs of development and provide development financing, but it would seem that efforts in the GATT might become too diffused if the GATT attempted to encompass within its mandate all the various ways in which help could be given and in which help was needed by the less-developed countries. It was the view of his

delegation, therefore, that the further work of Committee III should try to concentrate on the trade aspects which had been identified and the areas where they had the greatest prospects for trade expansion and trade potential, rather than to try to deal with all the manifold aspects of the development problem. The Canadian delegation agreed with the suggestion of Committee III that the CONTRACTING PARTIES should recommend to the Council that it give particular attention to this report and its annex when they consider the agenda for the next meeting of Ministers.

Mr. RYNSKA (Czechoslovakia) said that his Government had followed with interest the important work of Committee III and had applied for full membership of the Committee. They recognized that, compared with the magnitude of the problem, only modest progress had been made by the use of what might be termed conventional GATT methods. Problems had been identified but the limited scope of measures taken fully justified the requests of the less-developed countries. Committee III was clearing the ground but positive action should follow. He stressed the importance that his delegation attached to the adoption by national governments of policies which took into account the needs of the less-developed countries. The economic policy followed by his Government brought about a steadily increasing demand for the products of the less-developed countries. Due respect must be paid to the need for a re-modelling of the pattern of trade with less-developed countries. His Government had attempted in a document prepared for Committee III to show what it was doing and the effectiveness of the measures which it had adopted. His Government was aware of the necessity to adjust the structure of their economy to take into account these changes in the pattern of trade. It was not unaware of the difficulties which this might involve but was convinced that its economic system could absorb the changes necessary. It was obvious that the problems faced by the world trading community were of great complexity. He stressed the need for avoiding conflicting action but said that the United Nations Development Decade would provide a useful umbrella under which actions in related fields could be undertaken.

Mr. BOSCH (Uruguay) expressed the hope that the constructive proposals contained in the latest report of the Committee would be taken fully into account and would be presented to the next ministerial meeting.

Mr. WILLIAMS-BAFOE (Ghana) said that the report before the Committee indicated that, although some progress had been made, there still remained a gap between intent and actual practice. He noted that no progress had been made on the removal of quantitative restrictions applied to a number of items of paramount importance to the export trade of less-developed countries. His delegation was disquieted to note that certain of these quantitative restrictions were maintained in contravention of the General Agreement and he stated that the time had come for the developed countries to make a major effort in this field. He hoped that countries other than those noted in the report would take unilateral action to reduce tariffs. Progress made during the last round of tariff negotiations had, however, been minimal. Turning to the programme of action proposed by eighteen delegations and to the preliminary reactions of some industrialized countries which were summarized in the report, he said that this marked an important step forward which merited the serious attention of the CONTRACTING PARTIES. If the GATT was to find effective solutions, favourable consideration would have to be given to the proposals contained in this programme.

Mr. VAIDEZ (Peru) said that the programme of action annexed to the latest report of Committee III gave an indication of the desires of the less-developed countries whose exports now faced serious barriers. He pointed out that the economies of the industrialized and less-developed countries were interdependent. The industrialized countries should review their policies with regard to the less-developed countries. The goodwill expressed by the industrialized countries should be translated into positive action.

Baron von PLATEN (Sweden) expressed the concern of his Government on this problem and their desire to co-operate in any scheme designed to improve trading relations between the less-developed countries and the industrialized countries. His delegation had submitted one such scheme for discussion at the last meeting of Committee III. He said that, while his delegation would have no objection to the carrying out of further studies, these should not be regarded as a substitute for action. The barriers to the trade of less-developed countries had been identified and a joint multilateral approach to their removal was now required.

Mr. HUSSEIN (Somalia) indicated the full support of his Government for the programme of action submitted to the last meeting of the Committee and expressed the hope that urgent action would be taken on it.

The CHAIRMAN said that the reports which were before the CONTRACTING PARTIES for adoption showed that, since the meeting of Ministers last year, Committee III had continued to watch closely the progress being made in dismantling barriers to the trade of less-developed countries. The Committee's latest report indicated that some progress had been made in this direction but there was still a wide gap between awareness of the problem and performance. The Committee in paragraph 39 of L/1925 had asked that the CONTRACTING PARTIES should recommend that the Council give particular attention to the Committee's latest report when the Council considered the agenda for the meeting of Ministers. No doubt the CONTRACTING PARTIES would be prepared to accept this recommendation and prior to the meeting of the Council the proposals and suggestions which had been set out in the Committee's report, especially those in paragraphs 20, 24, 27, 30, 35, 38, 39, 49 and 50, would be studied carefully and with sympathy. The CONTRACTING PARTIES would note that important aspects of the work of Committee III would also be the subject of study by other groups and working parties set up by the CONTRACTING PARTIES.

The reports of the Committee, contained in documents L/1732 and Corr.1, and L/1768 and Corr.1, were adopted, in accordance with the recommendation of the Council.

The latest report of the Committee, contained in document L/1925, was also adopted.

(f) Tropical products - Report on work of Special Group

The CHAIRMAN called on the Executive Secretary who had presided at meetings of the Special Group of Committee III to report on the Group's work.

The EXECUTIVE SECRETARY said that one of the first actions taken by Committee III in examining the proposals arising out of the 1961 ministerial meeting was to consider the best means of handling the important proposal which had been made by Nigeria at the ministerial meeting, that free entry should be accorded to tropical products. Committee III marked its own recognition of the very basic importance of the Nigerian proposal by suggesting to the Council that it should appoint a small group of high officials of interested governments, to undertake initial work on this suggestion. A Special Group on Tropical Products was established and at the request of the members of the Special Group he had presided as Chairman of the Group. The first meeting took place on 4-8 June and the very high level of representation was an eloquent testimony of the importance governments had attached to this matter, and the seriousness with which they were approaching it. The Executive Secretary then drew attention to some of the conclusions which were drawn up in the record of discussions at the meeting of the Special Group (L/1817). Most members of the Group were of the view that the Nigerian proposal should be implemented at an early date, but they recognized that this was a problem which could not be looked at exclusively from the point of view of the countries which felt that a certain preferential régime with relation to these products had serious effects on their interests. They recognized that those preferential arrangements did correspond to certain structural problems of producers in the countries which enjoyed this sheltered access to markets; and that therefore at the same time as exploring ways and means of moving towards free entry, consideration would have to be given to the problems of adjustment which would be involved for countries which at present conducted their trade in these products in markets sheltered by preferential terms of access. Accordingly the Special Group decided that they would establish a smaller sub-group which would be instructed to carry out certain studies which would relate to both aspects of this problem. The sub-group would be asked to appraise, in respect of an illustrative number of developing countries, the importance to them of the preferential or other sheltered access they enjoyed in certain important markets in the context of their economic needs. The sub-group would also be instructed to appraise in respect of an illustrative number of developing countries the effects on their trade of the preferential or sheltered access enjoyed by their competitors. In both cases the group was to analyse the effects on those countries if arrangements for preferential access were removed. The sub-group was also to study the position of tropical products with the exception of coffee and cocoa, with particular reference to special arrangements affecting trade as well as production and consumption. In addition to examining these various aspects of preferential or sheltered markets the sub-group was also to consider problems arising from the existence of protective tariffs even when these were not preferential, and other barriers to trade. Finally the sub-group would also examine all possible ways and means including specific suggestions made in the course of the work of the Special Group as a whole, i.e. by Brazil, Nigeria and the United States for solving the problems and attenuating the difficulties that might be revealed as a result of the studies to which he had just referred.

The Executive Secretary recalled that the Special Group had requested the secretariat to make arrangements for appropriate collaboration with national exports and with international organizations in support of the activities of the sub-group. The Special Group had also requested him to submit a progress report on the work of the sub-group to the twentieth session of the CONTRACTING PARTIES and had requested the sub-group itself to submit a report to a meeting of the Special Group. It was clear from the description he had given of the range of the work which the sub-group had to undertake that a considerable amount of work had to be done to assemble the necessary data. It was for this reason that the sub-group had not yet held an initial meeting. It was proposed, however, one would be held within a few weeks and that at that time the sub-group would have before it the documentation which had so far been prepared by the secretariat. This documentation which would be distributed in the very near future, would include inter-alia purely factual data on barriers to trade, statistics dealing with imports from the main importing countries broken down by origin, and total exports of the main exporting countries. This data would relate to the tropical commodities which had been specifically referred to by the Group, i.e. cocoa, coffee, tea, vegetable seeds and oils, tropical timber and bananas. In addition there would be distributed studies which should be looked upon as in the nature of pilot studies. These studies by the secretariat represented only a beginning and considerable more work would have to be done before any firm conclusions could be drawn. However, the work done so far would enable the sub-group at its forthcoming meeting to judge whether this work was proceeding on the right lines and to give the secretariat instructions for future work. In accordance with the desire and instructions of the Special Group, contact was being made by the secretariat with other organizations and with delegations as the work proceeded. The Executive Secretary hoped that interested less-developed countries which were not yet GATT members and particularly the States associated with the European Economic Community would participate in the work of the sub-group. The Council, in establishing the Special Group on Tropical Products had specifically charged him to invite the African States associated with the European Economic Community, to associate themselves with the work of the Group. The Executive Secretary went on to say that prior to the meeting of the Special Group in June he had had discussions with these countries to this end, but unfortunately at that time their energies were so much absorbed by negotiations on the renewal of association agreements with the European Economic Community, that owing to the lack of specialized personnel in their administrations they had not so far been able to participate in the work of the Group. He reiterated the very strong hope of the members of Committee III and the members of the Special Group, for the fullest participation by these countries in the work of the Group.

Concluding, the Executive Secretary said that, in general work was proceeding actively and he was confident that the forthcoming meeting of the sub-group would enable the work to be carried forward to a significant degree. The Executive Secretary pointed out that although he had only referred to the question of the Nigerian proposal for free entry for tropical products, the Special Group had also addressed itself to the important question of revenue duties and fiscal charges, particularly on tropical beverages. In the course of the discussions of the Group, disappointment had been expressed that little progress had been made in the implementation of this part of the ministerial Declaration, especially in view of the fact that this did not seem to be a matter on which it was necessary to await collective action. The feeling of the Group was that the major difficulties in the way of making progress in this field was that the implementation of the ministerial recommendation on this point, encountered political difficulties of a very serious nature which could perhaps only be removed by decisions at the highest political levels. For this reason therefore, the Special Group felt that the CONTRACTING PARTIES should recommend that further discussion of this item should take place at ministerial level at an early date. The Special Group also addressed itself to the discussions which were then pending with respect to coffee and cocoa and expressed the view that the negotiations on coffee and cocoa provided appropriate occasions for observing the guiding principles embodied in the ministerial Declaration of 30 November 1961 to the fullest extent possible, with the object of reducing in the near future obstacles to exports of less-developed countries. He understood that in the course of the successful discussions in New York regarding the negotiation of an international coffee agreement frequent reference had been made to the principles endorsed in the ministerial Declaration. He felt that the existence of these important declarations of principle were to some extent a contribution to the successful outcome of the international coffee discussions. He hoped that the same spirit and the same determination would prevail in the forthcoming discussions on cocoa and that there would be a similar positive outcome.

Mr. ONYIA (Nigeria) expressed his delegation's appreciation for the sympathy given so far to Nigeria's proposal for free entry of tropical products. In particular the Nigerian delegation was grateful to the United States for the initiative it had taken in providing guide lines which the Special Group had found most useful in deciding on the approach to its work. However, he hoped that consideration of general proposals would not in any way divert attention from that specific proposal put forward by Nigeria. In emphasizing the catastrophe facing the less-developed countries, especially those in Africa, which depended on export earnings from one or two primary products, he hoped that any solution which might be adopted for the trade problems of these countries would take into consideration the fluctuations in prices of primary products which had been noted over the years. This solution should also take into account the slow rate of growth in volume of primary exports compared with the exports of industrial countries as well as the likely effects of product substitution in industrialized countries. His delegation appreciated the reasons as outlined by the Chairman of the Special Group why it had not been

possible for the sub-group to meet, and hoped that it would soon be possible for the Special Group's work to be finalized and submitted to the Council for processing and submission to the next ministerial meeting.

Mr. VALLADAO (Brazil) associated his delegation with the hope expressed by the delegate of Nigeria that it would soon be possible to finalize the work of the Special Group on Tropical Products for submission to the meeting of Ministers. The Brazilian delegation was in favour of the proposals made to the Special Group by the United States delegation. The statement made by Mr. Blumenthal was a mark of statesmanship, which it was hoped would be followed more frequently in the working groups and in the decisions of the CONTRACTING PARTIES. Unfortunately these proposals had met with the same difficulties in the Special Group similar to those which had held up the work of Committee III. Since all the members of the Special Group were also members of Committee III, the conclusion could be drawn that the problems being dealt with by the Special Group would not be solved unless the problems now facing Committee III were also solved. This was not an encouraging situation and he wished to appeal to those countries which were in the process of integration to take account of those difficulties which had necessitated the Nigerian proposal. He hoped that on the next occasion on which this matter was considered something new would be brought forward. The second committee of the United Nations had approved a plan of action proposed by thirty-five countries concerning the convening of an international trade conference. This proposal had been carried with seventy-three countries voting for, and ten voting against. This initiative was taken because the countries concerned had not seen any other possibilities for resolving their difficulties. He therefore hoped that the work and conclusions of the Special Group would obtain the attention and collaboration of governments, leading to agreement and solutions.

Mr. WEISS (United States) said he was glad to hear the report of the Executive Secretary on plans for a meeting of the sub-group. It was important that there should not be an unnecessary loss of time in the search for sound and equitable solutions to the problems of trade in tropical products. He therefore wished to underline the interest of his Government that the work of the Special Group be carried forward as rapidly as possible.

The CONTRACTING PARTIES took note of the report by the Executive Secretary and agreed that a further report should be made to the Council to be taken into consideration when preparing the agenda and making arrangements for the meeting of Ministers.

2. Recourse to Article XXIII by Uruguay - Report by Panel (L/1923 and Corr.1)

The CHAIRMAN recalled that at their nineteenth session the CONTRACTING PARTIES had authorized the Council to deal with any cases which Uruguay might bring under paragraph 2 of Article XXIII. In February, the Council had appointed a Panel to examine cases referred to it by Uruguay. The Panel had now submitted a report in document L/1923 and Corr.1. The report comprised a general statement and fifteen individual country reports.

Mr. CAMPBELL SMITH (Canada), the Chairman of the Panel, in presenting the Panel's report, drew attention to certain of its salient features. He pointed out that the term "measure" as employed in the report was intended to cover the wide range of regulations, practices and other requirements applied to the exports of Uruguay. Each of the contracting parties involved in the Uruguayan recourse had been asked to indicate the trade effects, if any, of measures they maintained and the conformity or otherwise of these measures with the provisions of the General Agreement or with its respective protocol of provisional application. He explained that the Panel had only recommended the removal of the measures in cases where nullification and impairment was established by reason of non-conformity with provisions of the General Agreement or, alternatively, with relevant protocols of provisional application. In such cases, procedures relating to retaliation had been set out in paragraph 20 of the Panel's general report. He wished, however, to draw attention to the view expressed by the CONTRACTING PARTIES on previous occasions that the authorization of the suspension of concessions or obligations, as provided for in the paragraph 20 procedures, should never be taken except as a last resort.

Where the Panel had not established nullification or impairment, it had restricted itself to making suggestions in paragraph (b) of Section 4 of the country reports. Such suggestions had not been based on the presumption that these measures did, in fact, harm Uruguay's export trade. They reflected the consensus of the Panel that by their nature, such measures could in some circumstances affect the trade interests of Uruguay. In the case of health regulations permitted under Article XX it had been suggested that the government concerned and Uruguay should consult to see what possibilities existed for administering these regulations in such a way as permit imports of uncooked meat from Uruguay.

The CHAIRMAN then invited comment on each of the fifteen reports one by one.

Mr. TREU (Austria), referring to the Panel's report concerning Austria, drew attention to the statement by the representative of Uruguay that the measures in force in Austria had had an adverse effect on Uruguay's exports. This view could not be shared by the Austrian delegation whose opinion was that Uruguay's exports to Austria could be increased by the intensification of Uruguayan export efforts in the Austrian market. In this connexion, he pointed

out that, although the majority of the industrial products of interest to Uruguay as set out in document L/1662 were liberalized, for a number of these items no Uruguayan exports to Austria had taken place. As regards agricultural products, it was found, in many cases, that permits to import from Uruguay had not been applied for. However, despite this, the trade balance between Uruguay and Austria was, according to Austrian figures, in favour of the former. In 1961, Austrian imports from Uruguay amounted to Schillings 54 million (\$2 million) whereas Austrian exports to Uruguay reached only Schillings 27 million; in 1960 the corresponding figures were Schillings 29 million against 22 million; in 1959, Schillings 47 million against 13 million; and in 1958, Schillings 45 million against 15 million.

Mr. LOTZ (Belgium) stated that Belgium could accept the conclusions of the Panel, but he pointed out, as regards the recommendations in Section 4(c), that no quotas were, in fact, in force and that the permit requirements enumerated were purely administrative and were, in the opinion of the Belgian delegation, compatible with the provisions of the General Agreement.

Mr. WARREN (Canada) noted that the Panel had not made any specific recommendation under Article XXIII in respect of Canada. He undertook to convey to his Government the suggestions contained in Section 4(b) of the report.

Mr. SVEC (Czechoslovakia) expressed the view that the work of the Panel had helped Czechoslovakia to reach a better understanding of the problems confronting Uruguay which could only have a beneficial effect on future trade relations between Uruguay and Czechoslovakia.

Mr. SKAK-NIELSEN (Denmark) stated that it had not been possible for him, in the time available, to seek instructions from his Government as regards the Panel's report but, in view of its conclusions, it could be assumed that the report was acceptable to Denmark.

Mr. HONKARANTA (Finland) stated that, in the recent past, no licences had been refused by the Finnish Government for imports from Uruguay.

Mr. BALENSI (France) stated that representatives of the French and Uruguayan Governments were currently holding discussions which he was confident would culminate in results satisfactory for Uruguay, at least as far as the chief difficulty confronting its exports to France was concerned, since it was the intention of the French Government to introduce, shortly, liberalization measures, which would give satisfaction to Uruguay. The Uruguayan recourse to Article XXIII had shown that the General Agreement could be an efficient instrument when normal procedures were followed.

Mr. STEDFELT (Germany) observed that import permit requirements for industrial products in Germany had not, in practice, been restrictive to Uruguayan imports and thus did not in his view represent a case of nullification or impairment.

Mr. GARRONE (Italy) stated that the Italian delegation accepted the conclusions of the Panel's report and added that the Italian Government might be in a position in the near future to suppress discriminatory measures featuring in the Panel's report.

Mr. SUZUKI (Japan) undertook to inform his Government of the contents of the Panel's report.

Mr. VAN WIJK (Kingdom of the Netherlands) stated that his delegation had no specific comments to make on the report.

Mr. SOMMERFELT (Norway) said that his Government reviewed the Uruguayan recourse to Article XXIII with sympathy but he experienced some difficulty in accepting the Panel's conclusion that State-trading in Norway in regard to cereals could have an adverse effect on Uruguay's exports. The State Grain Organization in Norway was an importer on a large scale and made its purchases on purely commercial grounds. It had been established that the Organization had not purchased from Uruguay solely because no offers had been received from that country. He stated, however, that his Government would accord consideration to any concrete case raised by Uruguay in respect of the Norwegian State-trading Organization.

Baron von PLATEN (Sweden) stated that he did not know of any case where the Swedish Government had refused an import licence for products originating in Uruguay.

Mr. SCHNEEBLI (Switzerland) said that his delegation had no objection to the conclusions of the Panel. Switzerland wished to see closer trade ties with Uruguay and his delegation was at the disposal of the Uruguayan delegation for discussions to ascertain the reasons why Uruguay's exports to Switzerland had not been greater. He pointed out however that in 1961, Uruguay had exported to Switzerland Sw.frs.20 million while Switzerland's exports to Uruguay had reached only Sw.frs.18.6 million.

Mr. WEISS (United States) took note of the conclusions of the Panel concerning the United States. He also drew attention to the section of the Panel's report on the United States outlining the efforts the United States Government had made to find a solution to the problem of health restrictions on uncooked meat. The Panel's report would be made available to the responsible officials in the United States administration and the United States Government stood ready to give sympathetic consideration to any representations made by Uruguay on the problems enumerated in the report.

Mr. BOSCH (Uruguay) expressed the appreciation of his Government for the work of the Chairman and members of the Panel. He had taken note of the statement of the representative of France and expressed the hope that the example of France would be followed by other countries. He had also taken

note of the invitation of the representative of Switzerland. The Uruguayan Government would be informed of the content of the report and of the discussions which had taken place so that it could formulate its position on the substance of the matter. In the meantime the Uruguayan delegation had to reserve its position.

It was agreed to authorize the Council, as proposed by the Panel in paragraph 20 of its general report, to deal with any requests by Uruguay under the penultimate sentence of paragraph 2 of Article XXIII, for the suspension of obligations or concessions.

The fifteen individual country reports, including the recommendations contained therein, and the Panel report as a whole, were adopted, and the Chairman thanked the Panel for their arduous, time-consuming and painstaking labours.

Mr. BARBOSA DA SILVA (Brazil) expressed the interest of his delegation in the Panel's report. The report was, he considered, a document of considerable importance to the GATT for it established a significant precedent for the interpretation of Article XXIII. Mr. Barbosa da Silva outlined some of the major legal considerations involved in recourses to Article XXIII and, in particular, drew attention to the fact that nullification and impairment could occur even in the case of measures applied consistently in the General Agreement and in this connexion he cited the case of Chile versus Australia. He also emphasized the importance of Article XXIII as a means of restoring the balance of rights and obligations between contracting parties should this be disturbed. (Mr. Barbosa da Silva's full statement is reproduced as document L/1940)

Mr. VALDEZ (Peru) associated his delegation with the statement made by the delegate of Brazil.

Mr. LARENA (Argentina) also associated himself with the statement of the representative of Brazil. He further suggested that the problems which confronted temperate agricultural producers should be the subject of discussion by the Ministers when they met in 1963. He emphasized that it would be desirable for temperate agricultural producers to be in a position to be able to negotiate tariff concessions which would be meaningful and not liable to be negated by quantitative restrictions, since this would enable a country such as Argentina to participate more effectively in the new round of tariff negotiations.

Mr. NARASIMHAN (India) agreed with the observations made by the delegate for Brazil. He said that the action taken by Uruguay was a test case for the CONTRACTING PARTIES and would no doubt form one of the most important precedents in the history of the GATT.

Mr. WARREN (Canada) said that because of its intrinsic interest, the discussion had perhaps gone beyond the particular case of Uruguay. In the course of his comments the delegate for Brazil had suggested certain procedures and interpretations which he thought appropriate for the CONTRACTING PARTIES to consider, in connexion with this Article. These suggestions were of interest and would require careful study by the CONTRACTING PARTIES. However for the present they could not engage contracting parties in any way.

Mr. GIRDLESTONE (Rhodesia and Nyasaland) observed that the Panel's report had referred to the difficulties encountered by Uruguay in exporting its uncooked meat to certain countries. He hoped that the consultations suggested by the Panel would result in mutually satisfactory solutions to these problems. He pointed out that Rhodesia and Nyasaland had experienced similar difficulties and recalled that his Government had already submitted a detailed statement to the Special Group on Meat setting out its doubts as to whether the controls as applied in a number of European countries were, in fact, fully in accordance with Article XX of the General Agreement. He stated that his Government might wish to raise this matter at an appropriate time under the relevant provisions of the Agreement. In the meantime, it would follow with interest the consultations to be carried out by Uruguay.

3. Impact of commodity problems upon international trade - Observations of the Executive Secretary (W.20/13/Rev.1)

The CHAIRMAN recalled that when this question was discussed at the third meeting the Executive Secretary had given his impression of the debate and had suggested some conclusions which he thought would be relevant to the work of the CONTRACTING PARTIES. The Executive Secretary had been asked to put his observations in writing and this he had done in document W.20/13/Rev.1. These had been circulated for information.

Mr. GARRONE (Italy) said that the member states of the European Economic Community were prepared to accept the observations put forward by the Executive Secretary, but were disappointed that they had not been maintained in their original form (W.20/13) for adoption as the conclusions of the CONTRACTING PARTIES.

The CONTRACTING PARTIES took note of the observations of the Executive Secretary in W.20/13/Rev.1.

4. Belgian import restrictions (L/1928 and Add.1)

The CHAIRMAN recalled that at the ninth meeting the CONTRACTING PARTIES had appointed a Working Party to examine, in the light of information furnished by the delegation of Belgium, the developments since the nineteenth session under the Decision of 3 December 1955. The Working Party had submitted a report in document L/1928.

Mr. SANTIAPILLAI (Ceylon), Chairman of the Working Party, said that the waiver granted to Belgium on 3 December 1955 for the maintenance of import restrictions on a number of agricultural products would expire on 31 December 1962. The Government of Belgium had made it clear, however, that it would not be in a position to liberalize imports of all products covered by the waiver before that date, and that the remaining items would be notified to the CONTRACTING PARTIES in accordance with the procedures on residual import restrictions. The Belgian representative had supplied to the Working Party a list of the items covered by the waiver which indicated those products which had not yet been liberalized. On the basis of this list (L/1928/Add.1) the Working Party examined the present situation and the possibilities for liberalization of items of particular interest to the members of the Working Party. The account of this product-by-product examination was set out in paragraphs 3-7 of the report. The Belgian representative had informed the Working Party that his Government would make every endeavour to abolish the import restrictions as far as possible before 1 January 1963. The Working Party welcomed these assurances, but expressed its disappointment that so many restrictions still remained, and that no firm plan had been established for the liberalization of these remaining items. It had urged that prompt action by the Government of Belgium be taken for the speedy elimination of these restrictions.

Mr. DATSON (New Zealand) said that his delegation was very disappointed that it had not been possible for Belgium to remove the restrictions by the end of 1962 or to give firm plans for their removal after that date. New Zealand had not been unaware of the progress which had been made, but had expected an increasing degree of access to the Belgian market. His delegation appreciated the co-operative attitude with which the Belgian delegation had participated in the Working Party's discussions.

Mr. LOTZ (Belgium) expressed his gratitude to the Chairman and members of the Working Party for the understanding spirit they had shown in dealing with this matter. He reiterated that Belgium would make every effort to remove the remaining restrictions, and if possible before 31 December 1962.

The Working Party's report was adopted.

5. Exports of potatoes to Canada (L/1927)

The CHAIRMAN recalled that at the eighth meeting the CONTRACTING PARTIES had appointed a Panel to examine, in accordance with the provisions of paragraph 2 of Article XXIII, the question submitted by the United States concerning the application of values for duty on potatoes under the Canadian Customs Act. The Panel had submitted its report in document L/1927.

Mr. DONOVAN (Australia), presenting the report in the absence of Mr. Schell, Chairman of the Panel, said that the problem was novel in some respects and the circumstances might not have been entirely familiar to all contracting

parties. Therefore, the report had set out in some detail the facts and history of the case and the arguments of the contesting parties relating to the consistency of the particular application to imports of potatoes of Section 40a(7) (b) of the Canadian Customs Act with the General Agreement, and to the question whether that application constituted an impairment of a benefit within the terms of Article XXIII:1 of the General Agreement. Mr. Donovan then gave a brief summary of the considerations on which the Panel had based its conclusions. The Panel did not consider the provisions of Article VII as being relevant in the context of its examination; the Panel felt that the imposition of the additional charge which had been levied under the Canadian Customs Act could not be justified under Article VI. On the central issue the Panel had concluded that the measure introduced by the Canadian Government amounted to the imposition of an additional charge and constituted in the circumstances an impairment of the benefit accruing to the United States under the General Agreement. The Panel therefore suggested that the CONTRACTING PARTIES recommend to the Canadian Government the withdrawal of the additional charge under the Canadian Customs Act on imports of potatoes, or, as an alternative, the parties might seek to effect some other adjustment of the impaired benefit, but did not feel it appropriate to specify the type of adjustment that might be effected since this was a question entirely for the two parties. As could be seen in paragraph 20 of the report, the Panel did not go into the further question of whether the circumstances were serious enough to justify the authorization by the CONTRACTING PARTIES of a suspension by the United States Government of obligations or concessions vis-à-vis the Canadian Government. In view of all the circumstances of the case and also because of the absence of adequate statistics, the Panel felt it had no basis for consideration of this particular question. Finally, the Panel suggested that the CONTRACTING PARTIES should give authority to the Council to deal with the matter if, in the light of developments, the United States considered it necessary to raise the matter again.

Mr. WEISS (United States) thanked the Panel for the careful and expeditious way in which it had handled the matter. While his delegation questioned some statements in the report, the report as a whole was satisfactory and his delegation was prepared to accept it. Paragraph 19 of the report suggested that the CONTRACTING PARTIES recommend to the Canadian Government the withdrawal of the additional charge under the Canadian Customs Act or to effect any other satisfactory adjustment of the impaired benefit accruing to the United States. His delegation however, had some difficulty in envisaging any possible solution to the problem other than withdrawal of the additional charge in question, and it trusted therefore that the Canadian Government would see its way clear to eliminating this charge, thus avoiding any further re-application by the United States in the future.

Mr. WARREN (Canada) said that he was grateful for the very thorough and comprehensive way in which the Panel had performed its work. However, he was a little surprised to find that the Panel had been able to reach its conclusions

so quickly in view of the wish of his delegation that there would have been some examination of the effects of the Canadian measure on trade. The Panel had considered that the Canadian Government had failed to carry out its obligation under paragraph 1(a) of Article II. In this connexion his delegation thought it might be relevant to recall that in the statement made by his delegation when this item was first discussed he had mentioned that there were elements involved which were perhaps of an emergency character. It might be that on consideration the Canadian Government would wish to report this measure to the CONTRACTING PARTIES under Article XIX which provided for certain actions in situations where there was injury or the threat of serious injury.

Continuing, Mr. Warren said that the report had been in the hands of delegations for less than a day, and he had not had sufficient time to ascertain from his Government whether it could accept the finding that Canada had failed to carry out one of the key obligations to the General Agreement or to accept the recommendation that action taken to protect potato growers in the seasonal circumstances covered by the law, should be withdrawn. In the circumstances therefore, if it were the wish of the CONTRACTING PARTIES to request his delegation to bring this report and its findings to the attention of the Canadian authorities, he would be willing to do so. With regard to paragraph 15 of the report in which the Panel had considered whether or not the requirement of a reasonable time as laid down in paragraph 2 of Article XXIII had been fulfilled, he wished to recall that when this question was first discussed he had stated that the action complained of had dated only from 16 October. He therefore hoped that in considering the suggestion he had just made, the CONTRACTING PARTIES would bear this in mind and he thought it would be fair if in the circumstances the Government of Canada were given a reasonable time to consider the Panel's findings and recommendations.

The report of the Panel was adopted, the delegations of Canada and India reserving the positions of their Governments.

6. Programme of meetings for 1963 (W.20/25)

The CHAIRMAN drew attention to the note circulated by the Executive Secretary in document W.20/25. In view of the forthcoming meeting of Ministers, for which dates had not yet been fixed, it would be possible at this time to fix the dates for only the first meeting of the Sub-Group on Trade in Tropical Products and for the twenty-first session. The former would take place from 3-7 December 1962 and the latter from 22 October to 15 November 1963. The Chairman recalled that the Council would be convened by the Executive Secretary to fix a date for the meeting of Ministers when the Executive Secretary considered it possible to arrive at a decision. The Council would carry out the preparatory work, including the preparation of a draft agenda, and would also arrange the meetings of a number of subsidiary bodies to fit in with its plans for its own meetings and for the meeting of Ministers.

This was agreed.

7. Procedures for sessions (W.20/15)

The EXECUTIVE SECRETARY said that, in view of the exceptional significance of the work now before the CONTRACTING PARTIES, the level of representation at sessions was of great concern. He had consulted with contracting parties on the proposals he had made in document W.20/15 for the arrangement and management of future sessions, and they had pointed out to him certain disadvantages in these proposals. It did not appear to be practicable to debate the matter at this time, but he might bring the matter to the attention of the Council for consideration.

8. De-restriction of documents

The CHAIRMAN said that most of the documents of the session would be de-restricted in two months time in accordance with the usual practice. However, it had already been agreed to de-restrict immediately the report of Committee II on the consultation with the EEC (L/1910) and the Decision on Canadian import surcharges. He had now received further requests that certain documents be de-restricted at the close of the session, namely the Eighth Annual Report by the United States Government under the Decision of 5 March 1955 relating to Section 22 of the Agricultural Adjustment Act (L/1836), the report on the Pakistan Five-Year Plan (L/1924) and the reports by Committee III which had been adopted earlier in the present meeting (L/1732 and Corr.1, L/1768 and Corr.1 and L/1925).

The de-restriction of these documents was agreed.

9. Election of officers (W.20/23)

The CHAIRMAN said that as was announced in document W.20/23 the heads of delegations had decided to nominate Mr. J.H. Warren of Canada as Chairman of the CONTRACTING PARTIES for the coming year. Further, they proposed that Mr. Daramola of Nigeria should be re-elected as vice-chairman, and that the outgoing Chairman should also serve next year in the capacity of vice-chairman.

The three officers proposed were elected.

10. Chairman's closing statement

The Chairman, concluding the twentieth session of the CONTRACTING PARTIES, spoke of the impressive inventory of the achievements of GATT in the fifteen years of its existence and of the growing awareness among contracting parties of each other's problems. The programme for trade expansion in its various aspects was going forward and all the work which was being undertaken within the framework of the GATT was attracting increasing attention throughout the world. There would be a great deal of work to do in the very important year ahead, and he was convinced that, if the same spirit prevailed as had marked the discussions at this session, the future could be faced with confidence.

Mr. WARREN (Canada) thanked Mr. van Oorschot on behalf of the CONTRACTING PARTIES for the contribution which he had made to the work of the GATT during his term of office.

The CHAIRMAN declared the twentieth session closed at 7 p.m.