

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Twentieth Session

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SUMMARY RECORD OF THE TENTH MEETING

Held at the Palais des Nations, Geneva,
on Wednesday, 14 November 1962, at 2.30 p.m.

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

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1. Newly-independent States (W.20/20)

The CHAIRMAN said that the Executive Secretary had distributed a note in document W.20/20 in which he proposed a further extension of the de facto application of the GATT vis-à-vis the new French-speaking States in Africa. These fifteen States had become independent in 1960 and had continued to apply the GATT to their trade with contracting parties on a de facto basis pursuant to the Recommendation of 18 November 1960. Under the Recommendation adopted at the last session each of these States had asked for an extension of a further year. Thus under existing arrangements they were expected to decide upon their future relations with the GATT during 1963. For each country the time-limit would expire three years after the date of independence. Therefore these time-limits would expire on fifteen different dates between the present session and the autumn session in 1963. A number of these States had informed the Executive Secretary that some of the complex problems which they had to resolve in their trade relationships were not likely to be settled within these time-limits. To meet this situation the Executive Secretary suggested that the CONTRACTING PARTIES might wish to grant a further extension of de facto application to these countries, and at the same time to arrange for them a uniform time-limit, i.e. up to the end of the autumn session in 1963, so that the status of this whole group of countries might be examined at that time.

The Decision contained in document W.20/20 was adopted.

2. Meeting of Ministers in 1963 (L/1891)

The CHAIRMAN invited the representatives of the United States and Canada to introduce the proposal, put forward jointly by their Governments for the convening of a meeting of Ministers early in 1963. The proposal had been issued in document L/1891.

Mr. GRIFFITH JOHNSON (United States) said that he would comment only on a few aspects which seemed to be of particular relevance and urgency in terms of the objectives and interests of the CONTRACTING PARTIES as a whole. There was the desirability of considering a new negotiating conference for the reduction of tariffs and other trade barriers and to deal with the many problems which had been limiting the expansion of world trade. It was against the background of these problems, some new and others old and persistent, that legislation looking towards future trade negotiations had been adopted in the United States shortly before the opening of the present session. The Trade Expansion Act provided the basis for United States participation in tariff negotiations of an unusually comprehensive character and was based solidly on the GATT principle of most-favoured-nation treatment. This legislation would permit substantial reductions and eliminations of tariffs on industrial goods and on temperate and tropical non-industrial goods. Special provisions, which were also firmly based on the most-favoured-nation rule, had been included in the legislation to take account of the desirability of giving particular attention to trade adjustments related to the coming into existence of the European Economic Community in its present, or in its possible enlarged, form.

It was generally recognized that any tariff conference involved a substantial period of preparation. Each country had its own procedures for its preparations. In the case of the United States, many of these procedures were set forth in the legislation itself and it was the case in the United States and probably it was the case in other countries that it took some nine months or a year from the time a decision was taken to hold a tariff conference until the time it would be possible to undertake actual negotiations. In view of the attention already given at the last ministerial meeting to the possibility of further collective action to reduce tariff barriers, it was the feeling of his delegation that that matter should not be long delayed. For this reason it was important that governments should meet at an early date to exchange views on the fundamental issue of scheduling a major tariff conference and to take the decision to hold such a conference if there were sufficient willingness to proceed. It was clear that if a programme of tariff reduction were to be successfully concluded it must be joined with action in fields other than tariffs. There were problems in agriculture and trade with less-developed countries which were not susceptible to solution on the tariff front alone. These problems must be met if the United States and other countries were to be able to make their full contribution to a programme of tariff and trade liberalization. The United States Government therefore proposed that a meeting of Ministers under the auspices of GATT be convened early in 1963. The purpose of such a meeting would be to set in motion arrangements for a new programme of tariff reductions and to provide the necessary initiatives for dealing with the other related problems already mentioned. His delegation hoped that the Ministers would take the necessary decisions to provide a firm and positive direction for the future work of the CONTRACTING PARTIES and give the stimulus for a broad and comprehensive programme of world trade liberalization.

Mr. WARREN (Canada) said that it was a matter of great satisfaction for his delegation on behalf of the Canadian Government to join with the United States in proposing that a meeting of Ministers under the GATT be convened early in 1963 to consider the major questions which lay ahead in the field of international trade. The compelling reasons for the holding of such a meeting had been set out in the joint proposal contained in document L/1891. The delegate for the United States had already made clear the urgency and importance of dealing with the difficulties in the field of trade relations and the important contribution which a meeting of Ministers could make in this regard. This meeting should establish a firm and positive direction for the work of the CONTRACTING PARTIES in the challenging period which lay ahead and should provide the necessary stimulus for a major programme of world trade liberalization in both primary and secondary products.

With regard to Canada's particular interest in making this proposal, it was the view of his delegation that the time was approaching when it would become necessary to deal on a broad scale with the obstacles which had remained in the way of the further expansion of trade on a mutually beneficial basis. The formation in Europe of the European Economic Community and the possibility of its enlargement by the addition of the United Kingdom and other European countries, constituted inevitably a major change in the world trading situation and world trading relations and naturally this process of change had involved and would involve a certain number of problems for the trade of outside countries. In the field of agriculture it had not yet proved possible to secure a flow of trade satisfactory on the one hand to the traditional exporting countries, or on the other to importing countries which wished at the same time to provide an adequate measure of protection and income for their own farmers. The less-developed countries had made clear the urgency they attached to securing more satisfactory outlets for their exports, both for primary and manufactured goods. All these problems had existed for some time, and had formed the subject of a number of conclusions reached during the last GATT ministerial meeting. The question had been how and when the trading world could move to find the solutions which were so urgently required. It was the view of the Canadian Government that the elements necessary to provide the framework for the solutions of some of these problems were now at hand, or would be in the foreseeable period ahead. Far-reaching authority for the reduction of tariff barriers to trade had now been obtained by the United States. In the months to come, far-reaching and important decisions might be taken as a result of negotiations now proceeding in Brussels. The industrialized countries were increasingly aware of, and sympathetic to, the trade needs of developing countries, and the direction in which necessary specific action should be taken was more and more clearly identified and recognized. It was against this background that Mr. Diefenbaker, the Prime Minister of Canada, had drawn attention at the September meeting of Commonwealth Prime Ministers, to the need for a renewed, broad and comprehensive approach to world trading problems. At that time Mr. Diefenbaker proposed that a conference of trading countries be called at the earliest practicable date to give consideration to these problems in a way which would be to the mutual advantage of all. This meeting should prepare the way for non-discriminatory tariff negotiations on a most-favoured-nation basis. Reciprocal reductions of tariffs should not be the only matter for consideration. In this connexion the Canadian Prime Minister had also referred to the problems of

agricultural trade, trade in tropical products and basic materials, and the trade of the developing countries generally. He suggested that work in the tariff field would need to be co-ordinated but much might be done through other means, for example in the approach of commodity agreements.

Mr. Warren also recalled that at the Commonwealth meeting the Prime Ministers had expressed in a communiqué the readiness of their governments to join in comprehensive international efforts by all available means to expand world trade in both primary products and manufactures. Subsequently, in an exchange of letters between Prime Minister Diefenbaker and President Kennedy on the occasion of the signing by President Kennedy of the United States Trade Expansion Act, it was agreed that in furtherance of the objectives which the two countries had in mind their two countries should join forces in recommending a special meeting of the CONTRACTING PARTIES at ministerial level. The Canadian delegation felt that it was essential that Ministers should come together to give the necessary political impetus to the very important work which must be done to liberalize and further expand world trade. However, it was not possible at this time to state specifically the various fields which needed to be covered. The delegate for the United States had emphasized the importance that an early decision be taken on the holding of a major tariff negotiation in the period 1963 to 1964. Although it would take some time to prepare a tariff conference, the decision had to be taken and it would be necessary for the trading countries to have some concept of what they were going to do and how they were going to do it. In this connexion the work of the group established after the last meeting of GATT Ministers to prepare for tariff negotiations would be particularly important. Presumably that Working Group would be meeting soon and it might be that they would wish at a certain stage to prepare an interim report to the Ministers in order to indicate to them the sorts of problems which were involved or to seek guidance as to the direction ahead.

In the field of agriculture it seemed clear from what had been said in Committee II and various other GATT forums that the countries mainly dependent on agricultural exports and wishing to participate in the tariff conference would wish to be sure that the problems of agricultural trade which had been so difficult for them over the years promised progress and solution if they were to play their full part in connexion with the possible reduction of industrial tariffs. For the less-developed countries it would be necessary to ascertain the stage of work which could be reached at the time that a ministerial meeting in the early part of 1963 might most appropriately be held. Work was already in progress in Committee III and certain actions had already been taken by GATT Ministers, and it would then be a question of moving ahead. In each of these fields it appeared that more and careful work had to be done; close consultation between the countries mainly concerned would be necessary before it could be determined what would be the specifics of a ministerial agenda, as well, indeed, as the precise date for such a ministerial meeting in the early part of 1963. Bearing in mind the questions of timing to which the United States delegate had referred and bearing in mind also the need for careful preparation and the need for the presence of the necessary elements of understanding to permit positive forward and constructive decisions, the actual date for the ministerial meeting would have to be determined at a later stage, possibly by the Council. It was the hope of the Canadian delegation that from the negotiations that would follow the ministerial meeting would come the sort of broad movement forward towards the reduction of barriers to

trade and the expansion of trade which the trading world so clearly required. His delegation also hoped that in the course of those negotiations real progress would be made in the field of agriculture, and that for the less-developed countries also it would be possible to find better opportunities for their trade. The less-developed countries in the GATT and in all other forums were bringing to the attention of the world at a political level, the insistency and the urgency of their needs for export income and for increased trade outlets. This problem must also figure very largely in the deliberations which lay ahead.

Mr. BARBOSA DA SILVA (Brazil) said that the joint proposal by the United States and Canada had received careful consideration on the part of the Brazilian Government. His Government agreed that the established practice of these ministerial meetings served the purpose of giving political endorsement to new ways and means for coping with situations which the GATT and its subsidiary bodies had identified as requiring consideration and action. Such endorsement was all the more necessary due to certain peculiarities concerning the formal status of the General Agreement amongst some contracting parties or the statutory deficiencies from which the General Agreement suffered. His delegation hoped that both problems might be corrected in the not too distant future. If new provisions for improving the effectiveness of the General Agreement could be developed, including the adoption of pertinent norms giving legal support to some of Committee III's recommendations one might perhaps hope that the GATT might reach its full stature as an international organization. The Brazilian Government maintained that as matters stood the consideration of basic trade problems and policies at ministerial level should take place with a determination to reach firm and positive action on the part of participating countries. There were clear signs of impatience on the part of public opinion throughout the less-developed world as to the type of action which should be taken to remove the causes which had been aggravating their condition. There was a growing awareness in those countries of the importance of early and consistent action to that end; it was gratifying to acknowledge that an awareness was also being felt on the part of the developed countries, but for such action to be possible a careful preparation of the agenda for the proposed ministerial meeting should be made. However, as it would be improper for contracting parties to anticipate what Ministers would like to discuss and recommend, the Brazilian delegation found it appropriate to defer to the Council the fixing of a tentative agenda and the date of the meeting upon specific instructions from Ministers themselves. Nevertheless, in the light of the recent work of the GATT and the views expressed thereon by contracting parties one might expect that they would like to address themselves to problems as indicated by the proposal related to a new programme for reduction or elimination of barriers to trade, trade in agricultural commodities, the trade of less-developed countries, etc. In this connexion it could be expected that Ministers might like to recommend, with regard to procedures for future tariff negotiations for which directives had been laid down in their last meeting, that special consideration should be given to problems arising to less-developed countries resulting from recent forms of economic integration, a matter so far not yet contemplated in traditional tariff negotiations. Problems related to tropical products and primary commodities as a whole were admittedly growing as an unbearable threat to the less-developed countries. The commendable efforts made so far in this field had yielded insignificant or no practical results.

Mr. Barbosa da Silva recalled that the Executive Secretary in summing up the conclusions of the discussions on the impact of commodity problems on international trade had indicated that whatever had been done so far could only serve as palliatives and that paragraph 3 of the Declaration of 7 December 1961 should be borne in mind so that specific programmes of action could be devised to give effect to intentions expressed by Ministers towards the diversification of trade of the less-developed countries. He recalled also that the Chairman in his opening address had emphasized the significance of expanded trade for promoting development. It had been noted that in this field the General Agreement had lacked the specific powers for bringing about the speediest solutions. The number of less-developed countries had increased in the GATT and their interest in the organization had been stimulated by the new perspectives offered by the work of Committee III. However, a large number of countries were still outside the GATT. His delegation was sure that the GATT would gain more universal support if through concerted and honest endeavour the GATT could carry a new message to those countries making them more active partners in the trade community. The Brazilian delegation placed great importance on the work the Ministers would have to undertake and therefore gave its full support to the proposal for the holding of the ministerial meeting early in 1963.

Mr. AOKI (Japan) pointed out that a new programme of tariff reductions would be the most important item on the agenda of the proposed ministerial meeting. His country's trade was still subject to widespread and various types of discriminatory treatment which should be removed before any useful discussion could take place on this programme. However, it was the intention of the Japanese Government at present to participate in such a meeting.

Mr. PARBONI (Italy) speaking on behalf of the member states of the EEC, considered that after the meeting of Ministers held in 1961, the Ministers should have occasion to meet again for an examination of trade problems. He hoped that the proposed ministerial meeting would have concrete results and would be able to draw up a programme for action. There was need to prepare adequately beforehand and to study in advance all the questions which should appear on the agenda of the meeting. He agreed with the view that the Council should be given a mandate to prepare the agenda and to fix a date for the ministerial meeting early next year. The Executive Secretary might be instructed to convene the Council when he considered that the basic elements necessary for such a meeting of the Council were present.

Mr. DATSON (New Zealand) said that during the current session and perhaps over the last year or so, his delegation and no doubt other contracting parties, had been aware of a feeling of marking time, of waiting for developments with implications much greater than the individual items which were being formally discussed. By 1964 this time of uneasy waiting might well be ended. At that time it would be known what GATT held for New Zealand and for most Members in the future. For New Zealand this was a time of crisis, a time that could not continue much beyond 1963, and his country valued the General Agreement enough to be deeply concerned that the crisis should end in remedy and recovery. This was the reason why his delegation believed that the decision to hold a further ministerial meeting could not be taken lightly. There should not be another meeting which would result in expressions of sympathy and good intentions for some time in the future. The intention to negotiate industrial tariffs seemed clear enough, but success on this alone would mean failure for the GATT as a whole.

The New Zealand delegation was therefore reassured by the firmly expressed recognition in the joint United States-Canadian proposal that specific progress must be made in solving the problems of the less-developed countries and the problems of agricultural trade before a large number of contracting parties could play a part in the proposed tariff negotiations. Even before the GATT was established, New Zealand, a relatively immature developing country with its industrialization still in the future, as an active member of the various drafting conferences had had doubts whether it could safely undertake the commitments proposed. It was concerned that some of the rules might be more useful to the industrialized countries and that in fact the balance of advantage in the rules themselves might well lie in favour of the established industrialized trading countries. New Zealand had weighed these doubts, and concluded that these possible sacrifices had to be made. Firstly, because New Zealand of all countries lived by its external trade, and the trade agreement had promised benefits and concessions in exchange for the obligations New Zealand had assumed. Secondly, because New Zealand wished to co-operate in the attempt to expand world trade.

As a member of the General Agreement New Zealand continued to negotiate new concessions. But as time passed it became obvious that what was promised was to a large extent not to be given, and that it was becoming more and more pointless for New Zealand to participate in new rounds of tariff negotiations. The New Zealand delegation had pointed out on previous occasions that the negotiated obligations and concessions owing to agricultural exporters under this negotiated trade agreement had to a large extent never been applied, or had been withdrawn in one way or another. There was therefore a heavy backlog of concessions and obligations owing over a number of years to agricultural exporters, and his delegation believed that this situation must be redressed in one way or another before there could be a move forward in a balanced way towards the further expansion of world trade. This could not be decided today nor could it be settled at the ministerial meeting next year. But it was hoped that the Ministers would meet in a frame of mind which accepted that the balance must be restored and would make specific provision for action to that end, beginning in 1963. In this connexion, his delegation felt strongly that there must be adequate preparation on all trade fronts before the Ministers meet, and there must be adequate time to allow this to be done. There would have to be sustained and hard work on finding areas and techniques for negotiation in the months ahead, but even more important, there would need to be a preparation of attitudes if Ministers were to be in a frame of mind to take decisions that would enable the majority of Members in the General Agreement to play their full part.

By the time of the ministerial meeting his delegation felt that sufficient work would also have to be done on the lines of the constructive and moderate proposals put forward by the less-developed countries to enable concrete action to be taken in 1963. This would involve difficult decisions for everyone concerned. Political and social problems were not the monopoly of any country or group of countries. The lack of an effective decision on agriculture and on problems of the less-developed countries at the coming ministerial meeting would be equivalent to a negative decision. While the ministerial meeting would only be the beginning of a hard journey, it must be a beginning with clear and unequivocal signposts

pointing in the direction and leading to the destinations which were sought. His delegation also felt that the movement towards trade expansion should be total, not only in the sense that agriculture and the less-developed problems were to be dealt with as well as industrial tariffs, but movement on only one or two agricultural products would be less than adequate. The aim should be that by the end of the tariff conference there should be three parcels - less-developed problems, agriculture and tariffs, and that the final agreement on all should be dependent on final agreement on each - that a single agreement could cover the three parts of the one parcel. His delegation believed that this entailed a beginning in 1963 on at least the problems in agricultural trade, a beginning that should be delayed only long enough to afford adequate preparation.

New Zealand still had faith in the GATT and wished to see it endure and expand. It had already achieved much in the industrial field in a practical, realistic way. In those fields where governments had been prepared to allow it to operate, the GATT had worked well. The organization was one where the strong personal links between delegates brought something constructive to relations between governments. It was a forum where frankness was combined with moderation, where discussion was seldom coloured by political consideration. Moreover, and perhaps most important, there was the outstanding nature of GATT's small and highly efficient secretariat which had been largely responsible for the other qualities of the GATT he had mentioned. It was feared that if there were no movement towards the expansion of trade on the broadest front, the GATT would be regarded more and more as a limited industrial club. If there were such a movement, the GATT would become in truth a world trade organization. On these understandings the New Zealand delegation supported the proposal for a ministerial meeting.

Mr. PHILLIPS (Australia) recalled that at the 1961 ministerial meeting, the Ministers had concluded that a broad initiative should be taken to push forward the programme for the expansion of trade. This programme had its origins in the far-reaching discussion arising out of the considerations of the Haberler Report in 1958 when the CONTRACTING PARTIES had accepted the challenge inherent in the contention that the GATT had become unbalanced, and that it had made greater advances in securing tariff reductions of benefit to the industrialized countries than in other spheres, particularly with respect to trade in primary products. That was the area where the exports of the developing countries like Australia and the less-developed areas were concentrated. Contracting parties were aware that it had not been easy to reach even the present collective position. Much discussion lay behind in Committees II and III, and whilst developing and less-developed countries had been patient the time seemed to have arrived when it might be possible to pass from the point of discussion to the area of negotiation, and it was hoped, eventual settlement. It was for these reasons that his delegation was most interested in the joint proposal advanced by the United States and Canada, and in the statements made by the delegates of the two countries. The proposal was one which had as its objectives the effective liberalization and expansion of trade in both primary and secondary products.

Mr. Phillips then indicated the kind of problems his delegation wished to see dealt with at the ministerial meeting. The question of tariff negotiations had been a cardinal feature of the General Agreement since the inception of GATT and industrialized countries had received the major benefit from past negotiations. Perhaps the very success of these past events had had the effect of generating an attitude in which attacks on other areas, such as agricultural protectionism, where progress was more difficult and problems more deep rooted, were pushed aside in the minds of many because the attempt to obtain progress towards an overall and balanced settlement would have delayed the move ahead in tariffs. Whatever the historical reasons, the present position and past tendencies must come to an end. In other words, there must be the same willingness, indeed eagerness, to move forward in agriculture and the other pressing matters as there was in moving forward on industrial tariffs. If this link were not forged in the projected negotiations, Australia and perhaps others would have little interest in any further plans for tariff reductions. This condition was not something in which his delegation saw advantages only for itself, but rather as something that GATT must achieve or it would fail. The real hard-core problems remained - namely agriculture, and the additional problems of providing increased trade opportunities for the less-developed countries. On agriculture, the Australian Minister had said publicly on many occasions, that Australia did not have a doctrinaire approach about the nature of solutions. It was in this spirit that Australia had supported the initiative of the last ministerial meeting and had approached the work of the Cereals Group and the preliminary meeting of the Meat Group in a positive way. His delegation firmly believed that the present imbalance of opportunity must be rectified in the projected programme for trade expansion. Failure to achieve a satisfactory and balanced outcome must, in practice, be taken as a final acknowledgment that it was impossible or too hard in the GATT to reach a situation where increasing trade opportunities could be found for the developing and less-developed countries. In such circumstances, his delegation believed there would be a natural and justifiable temptation to turn away from GATT, and to look elsewhere. Such a move would be disastrous for the GATT and, in the end, prove to the disadvantage of the industrialized countries themselves.

It was not appropriate for his delegation to indicate to the Ministers the avenues that might exist or were worth trying in a new approach. His delegation realized that the way would not be easy and that there would be need to give and take in an atmosphere akin to that of the immediate post-war years when the GATT itself had come into being. Only if this could be achieved could the GATT move ahead, and become the balanced instrument and organization that had been its objective. The plain fact of the matter was that the access, in its broadest sense, that existed for industrialized goods not only between industrialized countries themselves, but also in other markets, far outweighed the access Australia had for its butter, wheat and meat in the world's major markets. It was with these considerations in mind that the Australian delegation supported the proposal for the ministerial meeting, but it should be understood that agriculture would be on the agenda not only for Ministers to discuss but

with the expectation that concrete proposals would be put forward, and settlements eventually emerge. It was, therefore, a prerequisite to Australian participation that this be understood and accepted. Others had spoken of preparatory work, and his delegation agreed that this was necessary. However preparatory work alone was not enough. More important was the necessity for political conviction, and the will to move ahead, and only Ministers could provide these. Until it was seen that this would be forthcoming at the meeting in 1963, Australia's support would necessarily be conditional.

Mr. VAVAL (Haiti) said that his delegation had no objection in principle to the holding of a meeting of Ministers. However, when it was considered that the 1961 ministerial meeting had been full of possibilities which had not been realized, his delegation's lack of enthusiasm could be understood. His delegation was not opposed to the proposed meeting and hoped that it would have satisfactory results. He suggested that the Ministers should be accompanied by trade and tariff experts who should have access to the meetings. The CONTRACTING PARTIES might also have a preliminary meeting beforehand to determine the scope of future tariff negotiations.

Mr. MIGONE (Argentina) said that his delegation was fully convinced of the excellent reasons which had given rise to this important proposal, as well as of the great urgency for bringing trade between industrialized countries and countries exporting basic products out of the very low level where it now stood. The current trend was towards an increase in restrictive measures affecting agricultural products, and the maintenance of several obstacles to other products of fundamental interest to developing countries. A new ministerial meeting could be very useful in facilitating the solution of these problems. All countries should be willing to do everything necessary in order to achieve the objectives and aims. Further, their ideas should be clear and the programme should be concrete.

It should be understood that the problems which affected the developing countries were not fundamentally the consequence of tariff policies but of market policies carried out by many of the great traditional importers of agricultural primary products. In order to solve these problems, the proposals should come from these countries so that there would be a minimum basis for negotiations, a basis which would allow work to be done on firm grounds, so that there would not be a lapse into abstract discussions which might as a consequence lead to difficult situations, and the postponing of solutions by a meeting of such a high level. Policies which were to be followed by the CONTRACTING PARTIES might affect everything that had been done within GATT so far unless there were very positive efforts and sacrifices on the part of the countries which had been the builders of western civilization. It was with great hope his delegation supported the proposal made for a ministerial meeting within the framework of GATT.

Sir EDGAR COHEN (United Kingdom) said that it was clear from the statements made that the proposal for a meeting of Ministers early in 1963 was timely and warmly welcomed. There was no doubt that there was widespread feeling that the time had come to make a fresh assault on the problems with which the GATT had been faced for many years. In the so called "Dillon Round", it had not been possible for many contracting parties to participate owing to the de facto limitation of the negotiations to tariffs on industrial goods, and it had not been possible in practice to achieve the depth of cut and the scope of tariff reduction, which some contracting parties had desired. President Kennedy had now promoted far-reaching and courageous legislation in the United States which opened up enormous possibilities for effective reductions of tariffs amongst the GATT countries. His delegation welcomed the prospect of the "Kennedy Round". However, as had been pointed out if all contracting parties were to play their part in these tariff negotiations and make their contribution to the further liberalization of trade further specific progress must be made in solving the problems in other areas, in particular, the areas of trade in agriculture and the problems of the trade of the less-developed countries.

It was plainly necessary that if Ministers were to give the effective and practical directives for the success of the "Kennedy Round", their directives must also be extended to these other problems. This meant that a considerable amount of hard work must be done by the CONTRACTING PARTIES in the next few weeks and months in order to prepare for this meeting of Ministers which was so important and on the success of which so much depended. It was necessary to take full account at last of these other problems and to ensure that practical solutions would result. In addition, the necessary conditions should be created for making the fullest possible use of the new powers that the United States administration had now obtained. In order that this might be done, he agreed with previous speakers that it should be ensured that the timing of the meeting was right, the Council should be given the responsibility to supervise the preparatory work and to make its own judgment in the light of the progress on that work, as to the best date for the meeting of Ministers. In all these matters his delegation would play its full part.

Mr. TENNEKOON (Ceylon) said that at the 1961 ministerial meeting a Declaration had been adopted and directives were given. In all ministerial meetings hopes were raised high but resulting achievements very often fell far short of expectations. It was in this context that his Government viewed the proposal for the holding of a ministerial meeting. However, such a meeting would reveal how far the CONTRACTING PARTIES had achieved the removal of barriers to trade. If the achievements had fallen short of expectations, the Ministers, especially of the less-developed countries, would want special attention to be given to the early solution of their problems over a wide field so that their exchange earnings for the implementation of their development programmes might be increased. It was mentioned at the last meeting of Ministers that a programme of action, together with duty-free entry of tropical products, should be put forward and considered. Unfortunately the only programme of action put forward was one initiated by the less-developed countries.

His Government despite its disappointments, would support the proposal for a ministerial meeting, especially as it would consider agriculture and tropical products, in which Ceylon was interested. This decade had been designated the development decade. The highlights of the decade would be regional economic integrations and unions, the Trade Expansion Act of the United States, world-wide commodity and other arrangements and the increased use of international bodies to reduce the gap between industrialized and developing countries. Long and short-term solutions were more than ever urgently necessary. If the GATT were also to play a useful rôle in this decade, if the less-developed countries were to have faith in the concrete programmes of the CONTRACTING PARTIES, then the meeting of Ministers would have to be meaningful in reviewing the progress made and in laying down new objectives and guidelines. His delegation realized that only Ministers would be able to give proper emphasis and political direction at such a meeting. He hoped that the meeting of Ministers would not result in new resolutions, but in the evolution of specific programmes, coupled with a massive resolution to achieve the development decade in the full meaning of the term. It is with these reservations and hopes that his delegation supported the proposal, realizing the necessity for thorough and detailed preparation for this meeting.

Mr. VALDEZ (Peru) said that his delegation also considered it advisable to convene a ministerial meeting. What was now happening in the economic field, had given rise to new problems which should be solved at a high level. For the developing countries and developed countries this new contact at ministerial level would be very useful and could be very fruitful. The agenda should be carefully prepared and account should be taken of the increasing needs of the countries such as Peru which would like to solve their trade problems. The delegation of Peru, therefore, wholeheartedly supported the proposal.

Mr. ONYIA (Nigeria) recalled that at the last ministerial session it was decided to establish some specific programmes of action. So far this had not been done, and indications were that no move was being made for establishing such programmes. This and other issues had given rise to the impression in his country that GATT was either becoming ineffective or was being emasculated. Indeed, it was in this light that one must necessarily view moves elsewhere for the establishment of other organs. Nevertheless, his delegation would welcome a ministerial meeting which would lay down specific programmes of action and would restore the confidence that GATT was, and would continue to be, the best forum for dealing with trade matters.

Mr. LALL (India) expressed the appreciation of his delegation for the initiative which had been taken in proposing a meeting of GATT Ministers in 1963. His delegation recognized that pressing and important problems confronted the CONTRACTING PARTIES in the field of international trade. It was noted at the same time that the developments which had taken place over the last few years, while threatening in some respects to accentuate some of the trading problems, had also succeeded in generating pressures which had imparted urgency to the need for resolving them. The present situation was one where trading

structures were changing fast and new trading problems were being posed. Questions were being asked as to whether the General Agreement provided in full the machinery as well as the scope for the handling of problems which had been identified or which had been thrown up by the march of economic development. Suggestions were being made that the General Agreement needed to be reinforced in material respects or other international organizations had to be resorted to if relief were to be provided. The Indian delegation would welcome the opportunity for the Ministers of the CONTRACTING PARTIES to meet and review the problems in all their comprehensive aspects in order to be able to give that political direction to national policy which seemed to be urgently called for, if faith in the machinery of GATT were to be revived, and if the machinery of GATT itself were to be adapted to the changing requirements of the world. His delegation had been heartened by the awareness which had been shown throughout the current session with respect to the problems which had remained unresolved. His Government welcomed this proposal more particularly because the Ministers themselves would have an opportunity of reviewing what had been done in pursuance of the Declaration which they had adopted on 30 November 1961.

It was regretted that the progress so far achieved in the implementation of the Declaration of 30 November 1961 was somewhat disappointing. This proposal for a ministerial meeting was welcomed because it would perhaps enable the national governments to speed up decisions on points which had been long outstanding. Many delegates had emphasized at length the need for preparation in dealing with problems related to the less-developed countries. There was need for further technical preparation as well as for the preparation of what had been described by one delegation as political attitudes and political conviction. In the field of technical preparation a great deal of work had been done by Committee III. In this connexion the emphasis of Committee III so far had been on the orthodox remedies already provided in the GATT machinery, such as the enforcement of obligations with respect to quantitative restrictions and tariff reductions. With regard to the latter, Committee III had made some contribution by suggesting that the ordinary principles of tariff negotiation, which required reciprocity if applied in the case of the less-developed countries, would not secure what was necessary for them. Sufficient attention had not been paid so far to the experience which certain countries had already gained with regard to the systems which led to maintenance of a satisfactory level of trade between a developing country and a developed country. The experience which the United Kingdom had had in developing or maintaining its trading relations with the developing parts of the Commonwealth such as India, Pakistan, Ceylon and Malaya was a good example of this approach. The principles of duty-free entry and preferential treatment for developing economies which in the early stages of development lacked the apparatus and efficiency in the fields of marketing and production, provided for a period of time the opportunities such countries needed, if they were to play their full part in the development of international trade and the community of nations. Similar experience had been gained by certain other metropolitan powers in developing trading relations and developing specific marketing policies with the countries with which they were associated in the past. There had been a tendency to

regard these systems as somewhat of an exception to a general rule. When the General Agreement came into being these arrangements were recognized as part of the trading system at that time. For instance, provision was made as to how the trade of its trading partners should be handled if one of the countries which had afforded special facilities became a member of a customs union.

Despite the Declaration which was made in 1961, and instead of attempts being made to draw from the experiences of the kind indicated, there was a growing tendency to regard all countries as third countries in the negotiations for the enlargement of the European Economic Community. There had also been the tendency to regard Article 23 of the Treaty of Rome as applicable not only to the alignment of the standard tariffs but also applicable to any special tariffs. His delegation suggested that before the Ministers met, as part of the technical preparation, Committee III might try to apply its mind to finding out what there was of value in the experience which he had quoted which might provide a solution for the problem between the developing countries as a whole and the developed countries. He hoped that solutions which had been found by certain developing countries to be of value to themselves and which they were suggesting were of value as a solution for the problems of other developing countries also, would not be abandoned before the Ministers met in 1963. This aspect was beyond the GATT forum but it was part of the problem of political attitudes. His delegation hoped that in all the negotiations which the CONTRACTING PARTIES undertook between now and the meeting of the Ministers they would bear in mind the central problem with which they were faced and the necessity for avoiding any steps which would make it more difficult for this central problem to be resolved when the Ministers met early in 1963. Unless this preparation were made, both at the political and the technical level, his delegation had apprehensions that this conference, instead of serving a useful purpose, might serve to convince a large part of the world that solutions for their problems would not come from meetings of this nature. This statement was meant in a constructive spirit, since if there were another meeting which dealt with whether programmes could or could not be drawn up, and did not deal with the question of what further programmes could be drawn up, then the disappointment which had been expressed by many delegations might grow into a feeling of frustration.

His delegation hoped that the far-reaching proposals made by the United States would have adequate response from the other contracting parties. His delegation also hoped that this movement towards free trade would not stop at the products in which the industrialized countries were interested. There had been suggestions made by interested parties which were not contracting parties, which had given rise to the apprehension that there might be a tendency on the part of some contracting parties to ask for exceptionally unfavourable treatment to be accorded to products which might be of special interest to the less-developed countries. This was a danger to which contracting parties should give their attention, because if this happened and if adequate directives were not forthcoming from the meeting of Ministers, then the feeling of lack of confidence amongst the less-developed countries would continue to grow.

Mr. MEJIA FELIU (Dominican Republic) said that his delegation was pleased to support the proposal for the holding of a new meeting of Ministers of the CONTRACTING PARTIES in order to resolve a number of problems which called for a meeting at such a high level. In view of the fact that thus far there had not been any results following the decisions taken by previous ministerial meetings, his delegation suggested that the forthcoming meeting should have before it a report on what progress had taken place as result of the previous ministerial decisions. Such a report should also cover the reasons why these decisions had not been implemented.

Mr. ZAMAN (Pakistan) supported the proposal for the holding of a ministerial meeting early next year. A conference of trade Ministers of the CONTRACTING PARTIES served the purpose of highlighting the obstacles to the trade of less-developed countries and of drawing the attention of the developed countries in a forceful manner to the problems being faced by the less-developed countries in increasing their foreign exchange earnings. The implementation of the decisions taken by the Ministers in 1961 had been slow and disappointing. Nevertheless his delegation considered it highly desirable that a conference be held in 1963 at the ministerial level to review, among other things, the work done with regard to the implementation of the decisions taken at the last ministerial meeting, and to identify the reasons which had delayed the implementation of these decisions. Further, to consider ways and means of removing impediments which were delaying the implementation of the ministerial decisions. Two years was a long enough period to justify such a review.

Mr. KRUNIC (Yugoslavia) said that his delegation supported the proposal for the holding of a ministerial meeting early in 1963, because of the problems of international trade, especially those faced by the developing countries. The GATT publication International Trade 1961 clearly showed that the trade of the developing countries continued to stagnate. This situation had also been recognized by the Economic and Social Council of the United Nations and by the conference of the less-developed countries which took place recently in Cairo. For these reasons the countries most concerned had supported the holding of a United Nations international trade conference. GATT was, therefore, called upon to play a primary rôle in solving the problems of the developing countries, as defined by its subsidiary bodies and recognized by the conclusions and the Declaration of the 1961 ministerial meeting. His delegation regretted that so far little had been done in implementing the ministerial conclusions particularly with respect to the trade of the developing countries. The 1961 ministerial meeting had given new impetus to the solution of these problems within the framework of the GATT, and GATT had been regarded as the most important instrument of international co-operation in the trade field, but it must be admitted that the results achieved with regard to the problems he had mentioned were very modest. He hoped that the next meeting of Ministers would put forward concrete proposals for the rapid implementation of programmes of action. In this connexion the developing countries had put forward certain ideas for consideration during the current session and at the ministerial meeting.

Mr. BOSCH (Uruguay) said that the statements made by the delegates for the United States and Canada, and by other speakers, showed that it was necessary to pose a number of problems, particularly those problems which were of interest to the developing countries for early solutions. His delegation was of the view that a meeting of Ministers, if well prepared, would offer an opportunity to re-establish confidence in the efficaciousness of GATT. To the extent that this meeting was inspired by a creative imagination it might perhaps face up to a number of difficulties which had thus far led to an impasse. For this reason, the delegation of Uruguay supported the proposal for the holding of a ministerial meeting early in 1963.

Mr. MWAMBUNGU (Tanganyika) supported the views expressed by previous speakers on the necessity of holding a ministerial meeting early in 1963.

Summing up the discussions the CHAIRMAN said that it was apparent from the statements made that the proposal to convene a meeting of Ministers early in 1963 was welcomed by contracting parties. He noted the different reasons which had been advanced for the holding of such a meeting, as well as suggestions regarding the points which might be submitted for inclusion on the agenda of the ministerial meeting. He therefore suggested that the CONTRACTING PARTIES agree to the following:

- (i) A ministerial meeting should be held in the early part of 1963 to consider a programme for effective liberalization and expansion of trade in both primary and secondary products. In this connexion, full weight should be attached to the importance and urgency of negotiating solutions to the problems of trade in primary products and to the additional trade problems of the less-developed countries.
- (ii) A precise date for the meeting should be determined by the Council.
- (iii) The Council should be convened for this purpose by the Executive Secretary at the earliest possible date that he feels that the necessary elements exist for arriving at a decision.
- (iv) In this connexion, due weight should be attached to the fact that in order to enable the United States to play a full part in a further substantial and early movement for the reduction of tariffs and other barriers to trade, it is desirable that the necessary decision to initiate such a movement be taken early in 1963.
- (v) The Council should at the same time, in the light of the discussions at the twentieth session, propose an agenda for the meeting of Ministers and make adequate preparations for the meeting.

The proposals were agreed.

3. French import restrictions (L/1921 and Corr.1)

The CHAIRMAN recalled that the CONTRACTING PARTIES had agreed at the eighth meeting that a Panel should be established to examine, pursuant to paragraph 2 of Article XXIII, the matter which had been brought to the CONTRACTING PARTIES by the Government of the United States concerning import restrictions maintained by the Government of France. The Panel's report had been distributed in document L/1921 and Corr.1.

The EXECUTIVE SECRETARY, who had presided as Chairman of the Panel, presented the Panel's report. He said that the Panel, in considering the problem, adopted the procedures which had become traditional in dealing with matters of this kind. The members of the Panel first consulted with representatives of the two contracting parties and heard full explanations of their respective points of view regarding the matter under dispute. The Panel then drew up a set of draft conclusions and submitted these to the parties concerned, affording them an opportunity to make observations on the draft findings. Finally, the Panel completed its work in the form that was now before the CONTRACTING PARTIES, taking into account some of the suggestions made to them by the parties to the dispute. On behalf of the Panel the Executive Secretary paid tribute to the restraint and moderation with which both parties had put their points of view to the Panel. He drew attention to paragraph 6 of the Panel's report in which the Panel recalled the very important considerations which had been given to the whole question of the use of Article XXIII during the so-called Review session, and in the light of these considerations, the Panel had indicated that the first objective in the use of Article XXIII in cases of this kind should be to secure the withdrawal of the measures which were inconsistent with the General Agreement. The Panel felt that the CONTRACTING PARTIES in considering the report might reaffirm the opinion which the CONTRACTING PARTIES had then formulated regarding the use of Article XXIII. Having invoked this principle the Panel suggested that the CONTRACTING PARTIES make recommendations to both parties. The Panel recommended that the CONTRACTING PARTIES should recommend to the Government of France that it eliminate the measures which were subject to the complaint; further, that the CONTRACTING PARTIES recommend to the Government of the United States that it refrain for a reasonable period from exercising its right under the provisions of paragraph 2 of Article XXIII to propose suspension of the application of equivalent obligations or concessions. Finally, the Panel suggested that the CONTRACTING PARTIES authorize the Council to deal with any proposals regarding such suspension which the United States might find it necessary to put forward.

Mr. PHILLIPS (Australia) noted that the Panel had addressed itself specifically to the products referred to in the United States submission. This was inherent in the Panel's work, but it would be intolerable if action by France on the Panel's recommendations should lead to a situation where there was an increase in discrimination against other contracting parties. The remaining discriminatory elements should be removed as soon as possible and not later than restrictions specifically referred to in the United States submission.

Mr. MATHUR (India) commenting on the point made by the delegate for Australia, said that there were a number of items on the United States list on which the French Government had maintained restrictions, which were of interest not only to the United States but to other countries such as India. It was hoped that the restrictions on these items would be removed not only in relation to the United States exports but also with regard to imports from these other sources. There were also a number of other items which did not appear on the United States list on which restrictions were also presently maintained by the French Government, and on which France had also conceded tariff bindings to certain countries. His delegation hoped that the French authorities would give the same priority to the removal of restrictions on these items as they were being asked to give to the removal of restrictions on items in which the United States was particularly interested.

The report of the Panel and the recommendations contained therein were adopted.

The meeting adjourned at 4.45 p.m.