

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
Twenty-Second Session

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SUMMARY RECORD OF THE SECOND MEETING

Held at the Palais des Nations, Geneva,
on Wednesday, 3 March 1965, at 2.30 p.m.

Chairman: Mr. G. BRESSON (Upper Volta)

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1. Balance-of-payments import restrictions - Reports on consultations

The CHAIRMAN said that the Committee on Balance-of-Payments Restrictions had carried out consultations under Article XII or Article XVIII with Brazil (L/2303), Ceylon (L/2227), Finland (L/2299), Ghana (L/2293), Greece (L/2291), India (L/2302), Israel (L/2301), New Zealand (L/2295 and Corr.1), Pakistan (L/2300), South Africa (L/2224) and Spain (L/2294). The reports had been submitted to the Council which recommended their adoption at this session.

Mr. BENES (Czechoslovakia) commented that there used to be greater general interest in balance-of-payments questions at earlier sessions. Paragraph 19 of the report on the consultation with Finland was significant and similar tendencies could be found in other reports, more or less disguised under the cover of a fight against bilateralism. It was quite evident that the General Agreement was being misused to exercise pressure against trade with centrally-planned economies. His delegation objected most strongly against such tendencies. They were contrary to the aim of the General Agreement to contribute to the general expansion of world trade and not to restrict trade in particular sectors. Czechoslovakia was in favour of multilateral trade and resorted to bilateralism only in situations where multilateral trade would not bring about satisfactory results. For example, Czechoslovakia was forced to find solutions through bilateral agreements where countries, contrary to the provisions of the General Agreement, had not accorded full liberalization to their trade with Czechoslovakia and used discriminatory quantitative import restrictions without having the excuse of balance-of-payments difficulties.

Mr. EVANS (United States) said that, although reports on consultations had in recent years been dealt with by the CONTRACTING PARTIES in plenary meetings without much debate this did not mean that they were considered peripheral or unimportant. Rather, it was generally understood that it would not be fruitful for the CONTRACTING PARTIES to repeat the very detailed discussions which took place in the Committee on Balance-of-Payments Restrictions. At the same time it would be unfortunate if it were thought that the CONTRACTING PARTIES were merely putting a rubber stamp to these reports. He felt there were certain features of these consultations which merited comment if only for the purpose of bringing them to the notice of those newer contracting parties which had not been engaged in the work of the Committee. The consultations were useful from the point of view of the countries being consulted. Through these consultations they could obtain the views of other contracting parties particularly of those which had themselves maintained balance-of-payments restrictions but had been able to improve their situation to the point where the restrictions were no longer necessary. Mr. Evans added that the consultations had revealed that there were a good many

cases where the country maintaining the restrictions, while still in balance-of-payments difficulties was in a position to begin the relaxation of the restrictions for the benefit not only of the trade of other contracting parties but for the benefit of their own economy. His delegation looked forward to discussions in the Committee with a number of newly acceded countries and was convinced that these countries would find the discussions a profitable experience.

Mr. SOMMERFELT (Norway) recalled that when the reports were before the Council he had made a statement concerning the consultation with Brazil. His delegation had appealed to Brazil and to those contracting parties which were trading with Brazil on a bilateral basis, to conduct their trade on a multilateral basis as early as possible. The Council had endorsed this appeal. Since that meeting his Government had conducted bilateral discussions with Brazil in accordance with Article XXII of the General Agreement. As a result, the Brazilian Government had agreed gradually to eliminate bilateral arrangements and to suppress discriminatory clauses in the near future, and to ease the discriminatory treatment against Norwegian products within the shortest possible time. The Norwegian Government expected that these steps would be taken as quickly as possible by Brazil.

The eleven reports submitted by the Committee on Balance-of-Payments Import Restrictions were adopted.

The CHAIRMAN thanked the Chairman and members of the Committee for carrying out the consultations and he expressed appreciation to representatives of the International Monetary Fund for their valuable assistance.

2. Recourse to Article XXIII by Uruguay (L/2074, L/2278 and Add.1)

The CHAIRMAN said that the Panel appointed three years ago, to examine cases referred to it by the Government of Uruguay in accordance with provisions of paragraph 2 of Article XXIII, had submitted reports in documents L/2074 and L/2278. These reports had been examined by the Council which recommended their adoption by the CONTRACTING PARTIES. The Council also recommended renewal of the procedure authorizing the Panel to deal promptly with any Uruguayan proposal to suspend concessions or obligations as compensation for nullification or impairment arising from the continued maintenance of trade barriers. A report on action taken by the countries concerned regarding certain trade barriers which were examined by the Panel, had been distributed in document L/2278/Add.1.

MR. BOSCH (Uruguay) reviewed developments since the matter was first examined by the CONTRACTING PARTIES. With regard to the present stage in the proceedings, he said that it was difficult for his Government to make any exact evaluation of the results achieved since certain of the measures in question had changed in their very nature. However, some progress had been achieved in removing certain restrictions which had been called in question by his Government. He welcomed the spirit of co-operation shown by those contracting parties which had removed the measures, and the goodwill displayed by others which were still applying certain measures but were in the process of eliminating them. He pointed out that there was uncompensated damage which was causing hardship to the Uruguayan economy - a situation which highlighted the weakness of Article XXIII. The proposal by Uruguay and Brazil for a re-examination of Article XXIII, which had been referred to the Committee on Trade and Development, required urgent attention. His delegation hoped that the results of the Kennedy Round would make it unnecessary for Uruguay to have further recourse to the provisions of Article XXIII. He thanked the Panel and its Chairman for the understanding and goodwill shown in their work on this important matter.

The CONTRACTING PARTIES adopted the two reports of the panel and agreed, as suggested in paragraph 8 of document L/2278, to the renewal of the procedure recommended in paragraph 20 of the panel's first report (BISD, Eleventh Supplement, page 56).

3. Reports under waivers

(a) Australia/Papua-New Guinea (L/2365)

MR. DONOVAN (Australia) presented the report by his Government under the Decision of 24 October 1953. No new measures had been taken under the terms of the waiver since the twenty-first session. The report contained statistics showing the development of trade in products covered by measures taken in earlier years.

The report was noted.

(b) Rhodesia and Nyasaland/United Kingdom territories (L/2361)

MR. COLLINS (Rhodesia) presented his Government's report under the Decision of 19 November 1960. He said that no action had been taken under the waiver since the last session.

The report was noted.

(c) United States Import Restrictions (L/2340)

The CHAIRMAN said that the annual report by the Government of the United States under the Decision of 5 March 1955 had been distributed in document L/2340. Delegations had probably not had the opportunity to study the report but it was understood that some delegates wished the report to be referred for examination in a working party. In accordance with usual practice he therefore proposed that a working party be established to examine the report.

A working party was established with the following terms of reference and membership.

Terms of reference:

"To examine the Tenth Annual Report (L/2340) by the Government of the United States under the Decision of 5 March 1955 and to report thereon to the CONTRACTING PARTIES."

Members:

Argentina	Greece	Poland
Australia	Italy	South Africa
Brazil	Netherlands	United Kingdom
Canada	New Zealand	United States
Denmark	Norway	Uruguay
France		Yugoslavia

Chairman:

Mr. L. F. COLLYMORE (Jamaica).

The CHAIRMAN suggested that if any other delegations wished to be members of the Working Party they should inform the Executive Secretary.

4. Residual Import Restrictions - Review of notifications (L/2336 and Corr.1 and 2)

The CHAIRMAN recalled that under the procedures adopted at the seventeenth session, contracting parties were invited to communicate to the Executive Secretary lists of any import restrictions which they are applying contrary to the provisions of GATT and without having obtained the authorization of the CONTRACTING PARTIES. The communications recently received had been distributed in document L/2336 and Corr.1 and 2. This item had been placed on the agenda to afford the CONTRACTING PARTIES an opportunity to review these notifications. The document would also be submitted to the Committee on Trade and Development which would take it into account in its work in relation to the implementation of Part IV.

Mr. AOKI (Japan) said that the replies received from several countries failed to provide information on existing discriminatory restrictions. Discriminatory practices of considerable magnitude were still maintained by some contracting parties against Japan. Italy had reported that special lists were in effect for State-trading countries and for Japan and, in addition to the so-called voluntary export controls, several European countries were applying discriminatory import restrictions against Japan. In one instance, over one hundred items were subject to discriminatory quantitative restrictions. These restrictions were not only exerting detrimental effects on Japanese exports but were also hindering efforts towards further liberalization by the Japanese Government. His delegation strongly urged that this discrimination be abolished as soon as possible. He had no illusions that a final solution of this problem could be found at the present session. On the one hand his Government intended to carry on bilateral talks with a view to reaching an acceptable solution and it was expected that such talks would take place before long between Japan and certain countries. On the other hand, the Japanese Government was determined to find an appropriate solution in the context of the Kennedy Round because if these discriminatory practices remained the legitimate benefits Japan expected from these negotiations would be limited.

Mr. DO LACO (Brazil) said that his Government had expected that the number of residual restrictions would have been considerably reduced since the matter was dealt with at the last session. However, a considerable number of these restrictions still remained, a matter of significance not only for the spirit and letter of the Agreement, but also for the new Part IV on Trade and Development. He added that many of the products affected by these restrictions were of interest to Brazil and other less-developed countries. He nevertheless hoped that this matter would be resolved and thus disappear from the agenda of the CONTRACTING PARTIES.

Mr. DONOVAN (Australia) was pleased to note that some progress had been made in the matter of notifications and hoped that those contracting parties not yet making satisfactory notifications would be led to do so in the near future. His delegation had often drawn the attention of contracting parties to the interpretative note to Articles XI, XII, XIII, XIV and XVIII and was therefore glad to note that Japan's notification included restrictions made effective through State-trading operations. Document L/2336 contained notifications of residual restrictions by twenty-one countries and listed a further twenty contracting parties and two governments which had acceded provisionally as having stated that they did not maintain residual restrictions. Mr. Donovan suggested that the secretariat be asked to write to those contracting parties which were not named in either of the two groups referred to, and to ask them to verify that they did not maintain residual restrictions. At the nineteenth session, the panel, appointed by the CONTRACTING PARTIES had examined the possibility of governments notifying residual restrictions maintained in dependent territories; although the panel had found that, at that time, this was impracticable his delegation felt that the reduction in the number of dependent territories in the intervening period might now permit such notification to be carried out without undue difficulty.

Mr. SWARUP (India) said that as this matter would be looked at by the Committee on Trade and Development he would limit himself to expressing regret that this item continued to appear on the agenda of the CONTRACTING PARTIES. He recalled that the GATT Ministers, at their meeting in 1963, had hoped that all residual restrictions would be removed by the end of December 1965.

Mr. SENARATNE (Ceylon) said that the balance-of-payments situation in Ceylon had not improved in 1964. In this context his delegation wished to draw attention to black tea, an item which was the subject of restrictions by the Japanese Government. The balance-of-payments difficulties in his country were due to a drop in prices of primary products, and the relaxation of any import restrictions by any country would contribute towards improving the situation. He was aware that the Japanese Government had certain difficulties in dealing with this matter, but it would be helpful if these restrictions were relaxed by even a slight degree.

Mr. HARAN (Israel), referring to the statement made by the delegate of Australia said that Israel, did not maintain residual restrictions, and that any restrictions which were maintained were for balance-of-payments reasons.

Mr. SWARUP (India) joined the delegate of Ceylon in appealing to Japan to suppress its restrictions on imports of tea.

Summing up the discussion, the CHAIRMAN hoped that the restrictions which were maintained contrary to the provisions of the General Agreement and which were not specifically authorized by the CONTRACTING PARTIES, would be removed as soon as possible. He suggested that any restrictions which remained at the time of the next session of the CONTRACTING PARTIES should be the subject of review.

This was agreed.

5. Disposal of commodity surpluses (L/2363, L/2346)

The CHAIRMAN said that at recent sessions the contracting parties had reviewed their experience under the Resolutions of 4 March 1955 on the disposal of commodity surpluses and the liquidation of strategic stocks. Contracting parties were invited to submit statements on any disposal or liquidation arrangements in which they had been engaged since the last session. The statements received had been distributed in document L/2363. As further background for the discussion of this matter, the secretariat had distributed a note in document L/2346 on the activities of other international agencies in this field. The Resolution on the liquidation of strategic stocks called upon contracting parties intending to engage in liquidation of any substantial quantity to give forty-five days' prior notice. At the last session it was suggested that this period of notice should be lengthened, and it was understood that this matter was also under discussion in ICCICA. It was agreed that when the time was

appropriate a working party might be established to study this question and to prepare recommendations concerning a possible amendment of the Resolution. A lengthier period of notice had now been recommended by ICCICA.

Mr. MORENO (Cuba) said that the Government of the United States had resorted to dumping commodities on world markets in order to lower prices. This had prevented some of the less-developed countries from disposing of their commodities at remunerative prices. The United States had violated the Resolution adopted by the GATT in 1955, as well as recommendations adopted by the United Nations Conference on Trade and Development, and he thought the CONTRACTING PARTIES should condemn this policy.

Mr. EVANS (United States) said he would be interested to hear if the majority of less-developed countries represented at the session were opposed to sales by the United States under Public Law 480. He also questioned whether the word "dumping" had been used in its correct GATT context.

Mr. WINTERMANS (Kingdom of the Netherlands) expressed appreciation for the information contained in the documents. He drew attention to a reference in the report by the United States (L/2363, page 6) to the "so-called usual marketing requirement". He said that the device of reserving a certain percentage of commercial imports of a country benefiting from Public Law 480, for purchases in the United States had in some cases harmed traditional Netherlands exports to the recipient country. It was obvious that if a high percentage was reserved for the United States, it could result in an infraction of the principle of "additionality". The Netherlands delegation would therefore request that the United States proceed with caution in the use of this device. His delegation appreciated the co-operative way in which the United States had carried out consultations with countries whose export interests were affected by surplus disposals operations, and welcomed efforts by the United States to continue and if possible to strengthen these consultations both bilaterally and multilaterally.

Mr. LANGLEY (Canada) said that Canada's views on this traditional subject had been expressed at previous sessions. The consultation procedures under the Resolution of 4 March 1955 during the past year had helped to guard against harmful effects for world trade arising from disposals of agricultural surpluses and the liquidation of national stock-piles of primary products.

Canada attached great importance to the annual review of the reports submitted by individual contracting parties. Canada had not made any disposal of strategic stocks since the twenty-first session but had submitted a report on its agricultural disposal operation which indicated that the Agricultural Stabilization Board, which administered Canada's domestic price support programme, had been careful not to enter international markets at times of relatively depressed prices. This report was contained in document L/2363. His delegation noted the small number of countries submitting reports and considered

it most desirable for other contracting parties to submit reports on their disposal operations. This would enable the CONTRACTING PARTIES to make a more meaningful review of developments in this field and would be of assistance to all in assessing the effectiveness of the procedures now in force under the Resolution of 4 March 1955. With regard to the present GATT procedures in respect of liquidation of strategic stocks, Canada attached importance to the forty-five day notification period. Although national legislation in some countries contained additional safeguards, experience had shown that these national provisions for statutory waiting periods were not always effective. Mr. Langley added that certain disposals of some non-ferrous metals in the recent past had caused concern in Canada. This matter was being discussed bilaterally but he thought it appropriate to record his Government's concern.

With regard to the comments on the Food and Agricultural Organization and its Committees, summarized in document L/2346, he was pleased to note that the Consultative Sub-Committee on Surplus Disposal, in its report to the FAO Committee on Commodity Problems, took the view that further consideration by governments would be required before the implementation of planned surplus production and its impact on consultation machinery and procedures could be considered. His delegation continued to regard the suggestion that countries should deliberately plan surplus agricultural production as most disturbing. This was of course without prejudice to the acknowledged fact that food surpluses could perform a vital function in alleviating hunger and malnutrition and, subject to proper disposal procedures, could assist in economic development. However, there was serious doubt whether the further step of deliberately building agricultural surpluses, unrelated to financial or physical capacity to absorb them, was in the best interests of the developing countries. Finally, on page 4 of document L/2346 the FAO Council was quoted as saying that there was still considerable room for improvement in the streamlining of procedures for commodity supply under the World Food Programme. Canada subscribed to this view and intended to work through the FAO Council, towards the achievement of more effective methods and procedures. He hoped that other contracting parties would also take part.

Mr. ASTRAWINATA (Indonesia) said that this item was very important especially for many less-developed countries. Since the Committee on Trade and Development would be taking up the problems of commodity prices, he hoped that this item would again be discussed in the light of reports submitted by the Committee.

Mr. MARTIN (New Zealand) said that disposal of commodity surpluses was an important topic and should be kept on the agenda of the CONTRACTING PARTIES. As could be seen from document L/2346, disposal of commodity surpluses was being considered in several other international organizations but it was proper for the GATT to maintain a real interest in this field. The CONTRACTING PARTIES were concerned with the expansion of international trade and programmes for the disposal of surpluses had important implications for trade in commodities.

His delegation was pleased with the procedures and principles being observed by countries with important programmes of surplus disposal. His delegation had noted with particular interest the reference in the secretariat document to the so-called "grey area". On a number of occasions, the New Zealand delegation had drawn attention to the differing interpretations of what constituted an agricultural surplus. The reports submitted to the CONTRACTING PARTIES had tended to have, as their common factor, transactions on a concessional basis between governments of industrialized and less-developed countries. New Zealand took a broader view. There was a case, for instance, for regarding commercial transactions assisted by government subsidy as prima facie evidence of a surplus situation. This was a complex subject involving many interests. New Zealand was wary of approaching it in terms of a broad philosophical attitude such as the concept of "planned surplus production". There was need to consider the varying characteristics of the different commodities which figured in the reports before the meeting. There was also need to distinguish between products which for particular reasons may be in surplus in some countries and those in which there may be a genuine global imbalance between production and effective demand. The interests of less-developed countries, both as recipients of food aid and as agricultural producers, should be considered in respect of particular commodities. In this field, as in others, it was hoped that the Kennedy Round would provide an opportunity for the GATT to look again at these problems.

Mr. COLLINS (Rhodesia) reiterated the interest of his delegation in this subject. He appreciated the attitude adopted by countries which had been principally concerned in surplus disposal operations in caring for the interests of countries affected. His Government had always considered the preservation of existing normal commercial trade and meaningful consultations with affected countries prior to disposals to be of great importance. Rhodesia was particularly grateful that it had now been found possible to establish a minimum period of fourteen days for consultation in relation to the United States Public Law 480 deals. In agreeing with the point made by the delegate of Canada regarding the reporting of disposals operations, Mr. Collins stressed the need for other countries to submit reports. He felt that the countries which reported tended to obtain the reputation of being the only countries creating problems by their activities in this field. Further, his Government attached great importance to the need for dealing with the policies giving rise to surpluses.

Mr. BARIGYE (Uganda) expressed appreciation for the aid element in the disposal of commodity surpluses and for the measures taken by countries which carried out these disposals in order to avoid too much disturbance to markets. However, in view of the difficulties which Uganda had been facing with regard to the disposal of cotton surpluses by the United States, his delegation was compelled to comment on this matter. The economy of Uganda was to a major degree dependent on its cotton production. In 1963, out of total exports of

£51.4 million, cotton exports were valued at £14.3 million or approximately 28 per cent of the total. Coffee exports for the same year were of the value of £27 million. Together these two crops comprised over 80 per cent of the total of Uganda's export earnings. Cotton production was entirely concentrated in the hands of the individual African peasant farmers. Uganda's agricultural wealth was derived very largely from the efforts of such farmers, whose standard of living and whose cash incomes were still relatively low. It was one of the major aims of the Government to raise general living standards and to create the volume of wealth necessary for the country to continue to develop in all spheres of economic and social progress. For this purpose, it was important to note, that the Government levied an export tax on lint cotton which was based on a sliding scale and related to the international sale prices obtained for cotton. This tax played a substantial part in the balancing of Uganda's budget by producing annually approximately 10 per cent of the total revenue.

While the amount of cotton produced by Uganda was only a very small fraction of world production, the cotton crop was of vital concern. Of particular importance was the maintenance of traditional overseas markets of which India, until 1963 when it was replaced by the People's Republic of China, had been the most important. The yearly crop averaged 360,000 bales (of 400 lb. each) of which, in the 1950's, India had taken 160,000 bales per year on the average, with as much as 200,000 bales in a single year. For the 1961/62 season India purchased only 90,000 bales, while in the following year, 1961/63, only 52,700 bales were imported by India. Thus, from a position in which India had taken as much as 70 per cent of Uganda's crop, the situation had deteriorated to one in which India had taken as little as 15 per cent of the 1962/63 crop. Uganda was very alarmed at this situation since the volume India purchased from Uganda largely determined the average price obtained for the season: the more India bought the higher the prices paid in Uganda, as costs Uganda f.o.b to India c.i.f were naturally less than they were to other markets in Europe and the Far East. Hence exporters in Mombasa could, and did offer a higher price to Uganda when India was buying. In addition, the declining sales to India had necessitated the export of a greater volume of cotton to markets further afield where the competition from other sources of supply was still keener. It was in these markets that Uganda had to dispose of its crop at very bad prices. Moreover, the gradual loss of its strong position in the Indian market compelled Uganda to take a very dim view of its future prospects. Should Uganda produce more than 400,000 bales per year, it would be very difficult

and perhaps not profitable to sell this crop in non-traditional markets, while the Indian market, once lost, would be very difficult to regain.

Whilst it was appreciated that India's foreign exchange position in some measure at least had been the reason why the old established position had changed to Uganda's disadvantage, it was felt that the sharply decreased imports into India of Uganda cotton had been considerably influenced by the policy which had been adopted by the United States in regard to the disposal of surplus cotton stocks. The draft GATT study of the Uganda Development Plan, which would shortly be distributed to delegations, showed that the percentage share of United States in total Indian cotton imports was significantly higher in years when there were Public Law 480 shipments of cotton, than her share in those years when there were no such shipments. The report also stated that East African sales to India had declined both absolutely and relatively during the 1960-64 period and in 1957, a year of Public Law 480 shipment, were considerably lower than average, accounting for only 14 per cent of India's imports. Except for 1957, East African exports represented yearly over 25 per cent of Indian imports before 1959. After that year East Africa's share was always below 20 per cent and in April to March 1963/64 as low as 5.7 per cent. It was evident that non-commercial shipments by the United States to India under Public Law 480 had caused the replacement of Uganda cotton by United States cotton in the Indian market. Moreover, Uganda had had many experiences which pointed to the same conclusion. Contracts for the sale of the Uganda crop to India were normally made in the October to May period. Public Law 480 deals for cotton of 1 1/16 in. staple and above made just before and during the October to May period had had in each instance a direct effect on Uganda sales: prices for Uganda cotton had been seriously depressed.

Despite the United States principle of "additionality" whereby concessional sales under Public Law 480 were not to displace commercial sales, and the United States provision under this principle that no Public Law 480 shipments should be made unless India imported at least 350,000 bales commercially, the commercial sales of Uganda had been severely damaged. From an average of 160,000 bales they had dropped to a level of 50,000 to 90,000 bales, with drastic effects on prices received for Uganda cotton. While Uganda was grateful for the consultations that had taken place concerning Public Law 480 cotton deals with India, it was regretted that these had tended to be last minute verbal approaches barely giving time to consider the United States proposals in detail. It was hoped that the United States Government would grant such assistance to Uganda in its cotton marketing policies as to ensure that United States marketing policies did not so adversely affect the revenue and inhibit the expansion of the economy as to outweigh the benefits gained through the various aid programmes designed for the country's benefit.

Mr. DONOVAN (Australia) said that his Government was generally satisfied with the consultation procedures and he expressed appreciation to the United States and other countries for their co-operation. However, Australia had continued to be perturbed by the inadequacy of consultations with respect to concessional deals covering markets where commercial sales had not been made for some time but which might offer opportunity for sales. He emphasized that sales in such markets were a normal feature of international commodity trade, particularly cereals, and Australia would welcome further consultations in deals of this kind. One further cause for concern related to the recent tendency to tie commercial quotas for some commodities to purchases in the United States only. Whilst Australia was generally satisfied with present consultation procedures and the FAO principles of surplus disposals, provided they were followed conscientiously, it believed that more adequate arrangements regarding agricultural surpluses needed to be worked out. It was hoped that in certain cases suitable arrangements would be negotiated in the context of international arrangements. With regard to the procedure for the liquidation of strategic stocks, it was recognized that the GATT Resolution was the only internationally accepted commitment on strategic stock-pile disposal. Australia regarded the forty-five days' notice for release of stock-piles as adequate, provided that consultations were effective - in other words, so long as there was sufficient time for the views of third parties to be taken into account in the final formulation of policy. While Australia regarded bilateral consultation as more important in this context than consultation in international bodies, it recognized the value of having an international body where disposals policies could be freely discussed, such as the Lead and Zinc Study Groups. Australia recognized that machinery of this kind could provide a most useful supplement to bilateral consultations. For these reasons, his delegation supported the request that this item be retained on the agenda.

Mr. Donovan went on to recall that in 1964, the United States Congress had passed bills authorizing the release of quantities of lead and zinc from the strategic stock-piles. This release had now been completed and Congress was at present considering legislation to authorize further and larger releases of these commodities during 1965. Australia was deeply concerned that the United States should be contemplating further releases in advance of the removal of the import quotas. It was considered that whatever justification there might have been in 1958 for taking emergency action under Article XIX of the GATT, it seemed quite impossible to sustain such a case today. Australia believed, moreover, that the retention of quotas was quite inconsistent with the expressed United States desire for the general adoption of more liberal trade policies and was contrary to the spirit of the Kennedy Round negotiations.

Mr. EVANS (United States) thanked those speakers who had recognized the efforts made by his Government to use its surpluses for the aid of needy countries, and to avoid problems for other exporters. He would report to his Government those expressions of concern which were voiced. His Government would be ready to consult with the Government of Uganda at any time concerning problems which might be created for that country by United States concessional sales to India. He regretted that the time available for consultations with Uganda

in the past had been short. He pointed out, however, that Uganda need not wait for the United States to take the initiative in this matter, as his Government would be extremely pleased to discuss the whole question whenever it was raised by Uganda. With regard to general problems of reporting, Mr. Evans said he suspected that perhaps the reason for the small number of countries submitting reports on their surplus disposal programmes arose partly from the existence of another "grey area". As there was no clear definition of what was meant by a surplus disposal, there might be a number of contracting parties which genuinely believed that the use of subsidies to promote the exportation of products in a more or less normal commercial way was somehow sufficiently different from concessional sales as not to require reporting. This was a problem the CONTRACTING PARTIES might examine in due course.

Mr. SWARUP (India), commenting on the statement made by the delegate of Uganda, said that as the statistical material submitted by the delegate of Uganda had not been available to him beforehand, he would take up the matter in greater detail informally with the delegation of Uganda later on. However, with regard to the question of the effect of purchases of cotton by India from the United States under Public Law 480, contracting parties were aware that India had been following a very carefully thought-out system of planning for development. The use of foreign exchange resources for purchases of various items depended on the importance of individual items to India's economic development. It was well-known that over the last two or three years there had been unexpected calls on India's foreign exchange resources with a resulting severe strain on its balance of payments. Mr. Swarup recalled that Special Principle 8, adopted by the United Nations Conference on Trade and Development, had highlighted the need to avoid disrupting the commercial interests of exporters as well as the development plans of countries benefiting from surplus sales. It was from this point of view that the United States sales under Public Law 480 to India should be looked at. If these particular supplies had not been received from the United States it was possible that the available supply of foreign exchange would have been such that cotton imports would have had to give way to imports of items considered to be of higher priority. In the new Part IV of the GATT, there was a provision concerning measures which could be taken by developing countries to promote trade among themselves. This matter would be studied by the Committee on Trade and Development and it was hoped that problems such as those raised by the delegate of Uganda could be solved in the wider context of measures for promoting trade among the developing countries as a whole.

The CHAIRMAN suggested that the item be retained on the agenda for the next session of the CONTRACTING PARTIES and that the question of the forty-five days' notice required by the Resolution on the liquidation of strategic stocks should be left open for consideration on a later occasion.

This was agreed.

6. Statements by representatives of new contracting parties

Mr. TEMBO (Minister of Finance, Trade and Industry and Development, Malawi) said that his Government regarded membership of the GATT as one of the significant consequences of Malawi's achievement of nationhood. Though a small and new country, Malawi meant to play its part in the forums of the world and to take up the responsibilities placed upon it by membership of international organizations, of which the GATT was such an important example. In the past, Malawi had followed closely and with great interest the deliberations of the previous sessions and in the numerous committees of the GATT. Its interest had been considerably stimulated since the meeting of Ministers in May 1963, which adopted far-reaching conclusions fully recognizing the economic difficulties of the developing countries and the need to expand the trade of these countries as a means of ensuring their increasing prosperity and economic self-sufficiency. The economic problems of Malawi were not different from those which characterized most less-developed countries, but perhaps Malawi had had them in a more acute and desperate form than most.

Mr. Tembo said that his country depended upon agriculture and the sale of agricultural produce. The Chairman, in his opening address, had referred to the desire of developing countries to raise their standards of living. This was indeed Malawi's strongest desire. Malawi was conscious that it could achieve little except through radical increases in the level of its agricultural productivity and by the disposal of its products on world markets at fair and guaranteed prices negotiated for constructively long periods. It was therefore with great confidence and hope that his country had followed the activities of GATT to adapt itself to a new rôle, to change itself from a "rich man's club" to a "working man's mutual society". The Chairman, in his opening remarks at the first meeting, had given credit for the momentum of change to the recent United Nations Conference on Trade and Development. His delegation believed, however, that a great deal of credit for the new look must go to the CONTRACTING PARTIES themselves and particularly to those, the newly independent nations, which had worked so ably towards this end. It was with considerable pleasure that his country noted that the excellent work achieved by Committee III had found fruition in the new Committee on Trade and Development. He looked forward to this new Committee undertaking its responsibilities with the same resolve that had inspired the GATT in this field since the meeting of Ministers in 1963. The Government of Malawi would give it every support and he hoped that representatives of Malawi might be able to play some useful part in its deliberations.

Continuing, Mr. Tembo said that his Government wholeheartedly supported the inclusion of a new Part IV and he would sign the Protocol amending the General Agreement to introduce a new Part IV during the session. The Government of Malawi attached great importance to the successful conclusion of the multiple trade negotiations of the Kennedy Round. Naturally, these negotiations were not of the same significance to Malawi as they were to the large industrialized countries, and Malawi was mindful of the recognition given in Part IV to the measures that must be taken by less-developed countries to support their own new

manufacturing industries. Nevertheless, his country regarded the success of the Kennedy Round as something that would contribute to general prosperity, to a greater volume of world trade in which Malawi hoped to participate, and to the strengthening of the authority of the GATT. Mr. Tembo said that Malawi would not shrink from toil, self-sacrifice and hard work in the pursuit of a better life for its people but unfortunately the achievement of this did not lie in their hands alone. There must be opportunities to trade and to break through to new levels of economic activity and, through the activities of GATT and other bodies, to accord the long-term guarantees of markets and of fair prices which would enable countries like Malawi to climb the ladder of economic prosperity. The standard of life of the people of the less-developed countries, the health of the emerging economies and their very dignity as new nations demanded the finding of self-sufficiency through the good management of their own resources together with participation in just and rewarding trade and commercial relationships. The future of countries like Malawi did not lie in the continuing receipt of aid, essential though this might be at the present stage of their development, but in the sound stimulation and proper regulation of the world's trade. By their concern for the lot of developing countries, and by the efforts made so far to prepare for the solution of their economic difficulties, the CONTRACTING PARTIES had created for themselves a critical measure by which the future of the GATT would be judged. The great task for the future was surely the permanent improvement of standards of living in the less fortunate parts of the world, and the elimination of the concept of "haves" and "have nots". In this task, there could not be failure. The future prosperity of all countries depended upon the successful conclusion of efforts in this field. Finally, as regards Malawi's future position in GATT, Malawi was still in the process of working out its longer-term trading policies and would have to seek indulgence of the CONTRACTING PARTIES during this period if Malawi did not appear to be as definite and as precise as might be desired. In the meantime Malawi was ready to undertake the obligations and responsibilities required of it under the General Agreement.

Mr. EVANS (United States) in welcoming Malawi to the GATT expressed appreciation for the very serious and sober manner in which Malawi intended to carry out its participation in the GATT. He felt that all contracting parties would do well to follow this example.

Mr. MIZZI (Malta) said that as an informal participant in the GATT for several years, Malta had come to realize its growing potential for promoting orderliness in commerce and in improving world trade relations. His Government would honour the obligations of the General Agreement and would do its utmost in cordial co-operation with other contracting parties to further its good work and to help in the early attainment of its very commendable objectives. Malta's accession had occurred at a time when there was a healthy wind of change and his Government would not fail to give its modest contribution to make the Agreement a more generally acceptable instrument for better trade equilibrium in the world. Indeed the new direction the CONTRACTING PARTIES had now set themselves in helping the less-developed countries was welcomed by the Government of Malta not merely for the reason that Malta was one of those countries that most need help

but because of its deep conviction that a general improvement in material well-being was inseparable from world peace. In this connexion Mr. Mizzi quoted from a statement made by Malta's Prime Minister at the Plenary Meeting of the XIX Session of the General Assembly of the United Nations.

"....We support and associate ourselves with the stand taken by the developing countries in the United Nations Conference on Trade and Development.... We hope that the decisions of the Conference will be followed up not only by the establishment of administrative machinery, but also by speedy action towards fairer trade policies..."

Mr. Mizzi said that owing to its sheltered natural harbours and its excellent geographical position in the centre of the Mediterranean astride the trade routes from east to west and between Europe and Africa, Malta had a trading tradition going back thousands of years. It still had much to offer in the fields of communication and entrepot. Moreover every effort was now being made with financial assistance from Britain to provide opportunities for sound investment in industry and tourism. Malta had however been finding it impossible to attain the development decade objective of a 5 per cent increase in her national product and was actually finding it difficult to maintain existing standards. Notwithstanding a progressive improvement of industrial output in the first and second Five-Year Development Plans the loss of invisible earnings through the curtailment of British defence spending had been greater. Freedom of access to world markets for present and future industrial production was therefore vital for Malta's economy. Without such free access Malta would not have the means to pay for its imports, which would not only lower its standard of living but also its capacity to take many sophisticated products from industrialized countries. Malta was a very small nation circumscribed by the sea and whatever it could export would normally go unnoticed. In addition access for Malta's products was not an unreasonable expectation seeing that it had a considerable adverse balance of trade with most countries, for example against £6 million domestic exports Malta imported goods amounting to over £30 million in 1964. Despite this deterioration in the balance of payments and growing unemployment, the Maltese Government had found it possible to retain, and would do its utmost to maintain within the framework of the GATT, a liberal and practically non-discriminatory policy in its trade relations with other countries. His Government looked forward to participating in the deliberations of the GATT and in tackling the problems that face it in the field of international trade. Malta was heartened by the thought that it could depend on the guidance and sympathetic understanding of all the other member States.

Mr. VALANTINE (Gambia) said that Gambia's accession to the GATT marked his country's first appearance on the international scene since its independence. In full realization of the responsibilities as well as the privileges entailed, Gambia assumed membership of the GATT and pledged its co-operation in pursuit of the important objectives which the GATT had set itself.

Mr. GILDEA (United Kingdom) said that as a representative of one of the original contracting parties and of the Government of the country which had until recently some responsibility for the three countries which had now acceded to the GATT, he wished to express his Government's pleasure that the representatives of these governments were here in their own right. Although the United Kingdom was now relieved of the task of representing the interests of these countries in the GATT this did not mean that the United Kingdom would lose interest. On the contrary it looked forward to co-operating with the delegations of these countries and with those of other developing countries to ensure that the GATT forum would prove an effective instrument in the expansion of world trade facilitating the exports of the less-developed countries thereby promoting their development.

The meeting adjourned at 5 p.m.