

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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COUNCIL  
25 April-1 May 1963

## MINUTES OF MEETING

Held at the Palais des Nations, Geneva from  
25 April-1 May 1963

Chairman: Mr. S.Chr. SOMMERFELT (Norway)

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The Government of Ceylon was co-opted as a member for this meeting.

### 1. Arrangements for Meeting of Ministers

(a) Agenda (C/W/53, Spec(63)67, L/2002, L/2001, L/1989)

As had been decided at its meeting in February, the Council was required to give more precision to the ministerial agenda on the basis of the preparatory work now completed by the Working Party on Procedures for Tariff Reduction, the Special Group on Trade in Tropical Products and Committee III of the Trade Expansion Programme. The reports of these three working groups were distributed in documents L/2002, L/2001 and L/1989 respectively.

There was considerable discussion as to the form in which the agenda should be drawn up for submission to Ministers. Some members suggested that the agenda should be arranged in the form of headings under which should be listed the relevant reports and other documentation. However, the majority of members of the Council felt that the agenda should contain the recommendations and conclusions of the three working groups as set out in the reports submitted to the Council.

Consideration was then given to a paper prepared by the Executive Secretary (C/W/53) and a document submitted by the less-developed countries (Spec(63)67) containing a proposed draft agenda. After discussion the Council agreed on the provisional agenda which has since been distributed in document MIN(63)1. It was understood that contracting parties would be able to put forward concrete proposals directed specifically to any of the items contained in MIN(63)1, or, on the other hand, they could propose additional items for the agenda.

Representatives of a number of less-developed countries expressed the wish that the item - Measures for the Expansion of Trade of Developing Countries as a Means of Furthering their Economic Development - should appear as the first item on the ministerial agenda. The Council noted their wish that this item should be taken first, but the Chairman said that the Ministers themselves would decide on the order in which agenda items would be discussed.

(b) Procedural arrangements (C/W/51 and C/W/52)

The Executive Secretary had distributed two documents for consideration by the Council

It was agreed that the ministerial meeting should be held in the Assembly Hall of the Palais des Nations, Geneva.

In order to permit time for informal meetings among Ministers and officials, the Council agreed to recommend that the plenary sessions of the Ministers should be of relatively short duration. The Council felt that if Ministers were to be able to give adequate detailed consideration to the many important items on the agenda, it was highly desirable that statements of a general character should be limited in number and length. If some Ministers wished to put forward general views and comments on their national problems and policies, or on the international trade situation in general, they might submit such statements in writing to the secretariat which would arrange for copies to be distributed. On the question of attendance, the Council agreed that if a Minister were unable to attend he could designate a high-ranking official to represent him.

The Council agreed to the request of the Government of Sudan to be represented at the ministerial meeting by an observer.

2. Relations with less-developed countries (L/1990) ✓

At the February meeting the Council had established a working party to examine a proposal put forward by the United States regarding the participation of less-developed countries which are not at present contracting parties in the work of GATT. The Working Party had met in March and had submitted its report in document L/1990.

The Chairman of the Working Party said that a number of members of the Working Party felt that before a proposal of the kind put forward by the United States was considered, the reasons why less-developed countries outside the GATT were not yet ready to accede should first be explored, and that if it were a question of lack of knowledge about the GATT, steps should be taken to see that such countries were better informed. Further, if there were difficulties and obstacles standing in their way, then these should be discussed with them. The Working Party considered a plan put forward by the United States delegation, and agreed on a set of principles which it considered should form the basis of any arrangements for the participation of less-developed countries outside GATT which were not yet in a position to accept the obligations of the General Agreement. However, the Working Party suggested that as a first step the Council should be asked to agree that if the Ministers decide upon the holding of a trade conference the Executive Secretary should be instructed to issue an invitation to the less-developed countries outside the GATT to take part in the conference with a view to accession under Article XXXIII. Concluding, the Chairman suggested that the report of the Working Party need not be further examined by the Council at this stage and that the Council refer the report to the twenty-first session for consideration by the CONTRACTING PARTIES.

The representative of Brazil said that GATT membership would not be attractive to less-developed countries outside of GATT if they were required to accept tariff obligations. Considering the economic difficulties such countries were undergoing it could not be expected that they would be in a position to grant tariff concessions. Moreover, the less-developed countries at present Members of the GATT would not wish to see others obtaining benefits under more favourable conditions. These two problems illustrated the need for a fresh look at the philosophy underlying the General Agreement so that equal advantages would be available to all countries. He agreed with the suggestion that the proposals in the Working Party's report should be taken up at the twenty-first session as the less-developed countries outside the GATT would have had an opportunity of seeing whether the coming ministerial meeting would enable the creation of rules which would allow them to join the GATT without being required to reciprocate concessions.

The Council agreed that, if the Ministers decide upon the holding of a trade conference, the Executive Secretary should issue an invitation to less-developed countries outside the GATT to negotiate with a view to accession under Article XXXIII. The Council also agreed to refer the report of the Working Party to the twenty-first session for consideration by the CONTRACTING PARTIES.

3. Accession of Spain (Spec(63)49 and Corr.1 and Add.1)

At the twentieth session the CONTRACTING PARTIES had agreed that, in order that the completion of the arrangements for Spain's accession should not be delayed until the CONTRACTING PARTIES were again in session, the results of the negotiations together with a draft protocol of accession and a draft decision should be submitted for approval at a meeting of the Council. It had been further agreed that when the texts of the protocol and decision had been approved, the decision would be submitted to a vote by postal ballot, and that if a favourable vote were returned the protocol would be opened for signature.

The representative of Nigeria enquired whether the interpretation given by the Executive Secretary (concerning relations with overseas territories) when the protocol of accession of Portugal had been discussed during the nineteenth session (SR.19/12, page 197) was equally applicable to paragraphs 3 and 4 of the protocol for the accession of Spain. The Deputy Executive Secretary replied that the interpretation was applicable also to the present case.

The texts of the draft decision and the draft protocol were approved and it was agreed that votes on the decision should be required by 30 June.

The Chairman said that the decision would be submitted to the contracting parties by postal ballot and if the decision were approved by two thirds of the contracting parties the protocol would be opened for signature; Spain would then become a contracting party thirty days after its acceptance of the protocol.

4. Canadian import surcharges (L/1987)

At the twentieth session the CONTRACTING PARTIES examined the temporary surcharges which had been imposed on imports by the Government of Canada. The CONTRACTING PARTIES recommended that the surcharges should be eliminated expeditiously and requested the Government of Canada to report on action taken in accordance with this recommendation. At the last meeting of the Council the Canadian representative advised that some of the surcharges had been reduced and others had been eliminated. As announced in document L/1987, all the remaining surcharges were removed on 31 March.

Members of the Council congratulated the Government of Canada for having brought about the complete elimination of the surcharges.

5. Turkish stamp duty (L/1988)

In a communication which was distributed in document L/1988 the Government of Turkey had requested the granting of a waiver under the provisions of Article XXV:5 to legalize the 5 per cent stamp duty on all imports (including bound items) which had been introduced on 1 March 1963 as one of several new measures to raise revenue for financing Turkey's current five-year development plan.

The representative of Turkey, in outlining the circumstances which had led the Government of Turkey to introduce this measure said that the stamp duty was of an entirely fiscal character and would be abolished by 31 December 1967. During 1962 a satisfactory economic stability had been secured in Turkey due to the overall economic policy adopted. The Government now wished to clear the ground for the adoption of its long-term plan which would ensure a sound and sustained economic growth. The First Five-Year Plan which entered into operation on 1 March 1963 required additional funds to finance Government expenditure, and it was found necessary to introduce a wide range of new taxes and to increase the range of tax rates to provide these funds. The adoption of the stamp duty was in no way intended to hamper or restrict imports or to provide protection for domestic investments. The Government had been forced to introduce this duty without prior agreement of the CONTRACTING PARTIES because of the need for speed and secrecy to prevent speculation and financial instability which might have necessitated eventually the imposition of new restrictions on imports for balance-of-payments reasons. Further, in order not to disturb the existing proportions among the different categories of imports, the Government of Turkey had applied the stamp duty to all imports rather than to increase only those rates which were not bound in GATT. The use of these measures should not be considered as a departure from the allegiance of Turkey to the spirit and aims of the General Agreement, and it was hoped that the reasons and circumstances relating to the establishment of this provisional emergency measure would be understood by the CONTRACTING PARTIES.

The Turkish representative then mentioned the consultation which Turkey had had with the IMF under Article 14 of the Fund Agreement and said that the Fund's representative might be able to give some information of interest to the CONTRACTING PARTIES.

The Chairman, in calling on the representative of the IMF in accordance with the wish of the Turkish representative, indicated that since Turkey had not invoked balance-of-payments reasons in its request for a waiver, the participation of the Fund in the discussion did not constitute a consultation under Article XV.

The representative of the International Monetary Fund referred to paragraph 3 of the Decision by the Fund's Executive Board on Turkey's consultations under Article 14 of the Fund Agreement. This Decision stated, inter alia, that it was essential that internal price stability in Turkey be safeguarded by appropriate fiscal and monetary measures. The representative of the Fund continued that while the Fund had not endorsed specific revenue measures and while it was recognized that Turkey was not asking the CONTRACTING PARTIES to consider the stamp duty on the basis of its direct impact on the balance of payments, unless inflationary financing was avoided and internal stability maintained there might, in the future, as the Turkish representative had pointed out, be a deterioration in the balance of payments.

Commenting on enquiries made concerning the reasons why taxes had not been imposed on domestic production, and why bound rates were not omitted from the new measures or were not subjected to negotiations under normal GATT procedures, the Turkish representative said that taxes on internal production or consumption were not practicable in Turkey. Further, considerable difficulties would be created if the bound rates were omitted from the new measure which, as he had pointed out, were designed to preserve the existing proportion between import items. Owing to the immediate and urgent need for funds it would not have been practicable to renegotiate the bound rates in the Turkish schedule. His delegation was prepared to give further explanations on these points if the Council wished to go into the matter at this stage.

As it appeared that members wished to obtain further information, the Council decided to consider Turkey's request at its meeting in June and that, meanwhile, delegations which wished to submit questions to the Turkish delegation should do so through the secretariat.

#### 6. Reports under waivers

##### (a) Australia/Papua-New Guinea (L/1991)

The ninth annual report, by the Government of Australia under the Decision of 24 October 1953 was distributed in document L/1991. In this report it was recorded that no action had been taken under the waiver in 1962 and the report therefore contained only an analysis of the effects of previous measures on the trade of Papua/New Guinea and on importation of the products affected from all sources into Australia.

The Council took note of the report.

##### (b) South Africa - Article I (L/1969)

The third annual report by the Government of South Africa under the Decision of 4 June 1960 was distributed in document L/1969. The report recorded that the waiver had not been invoked in 1962.

The Council took note of the report.

#### 7. Admission of newly-independent States (C/30)

Six countries which had been applying the General Agreement on a de facto basis pursuant to the Recommendation of 18 November 1960 had requested admission to the GATT under the provisions of paragraph 5(c) of Article XXVI. The Executive Secretary had distributed a note in document C/30 suggesting a simplified procedure that might be followed in the future for the admission of newly-independent States. Article XXVI:5(c) provided that if certain conditions were fulfilled, the admission of such States would follow automatically, and it was therefore considered that if requests were received at a time when no session was to be held it would be unfortunate if mere formalities were to cause delay in the admission of the new contracting parties. It was now proposed that when a request for admission under Article XXVI:5(c) was received the matter could be dealt with by a certification by the Executive Secretary to the effect that the conditions of Article XXVI:5(c) had been fulfilled in respect of a certain State, and advising that the State had therefore become a contracting party and had acquired the rights and obligations of the General Agreement. These certifications would be brought to the notice of the Council or the CONTRACTING PARTIES when next in session so that note could be taken of them and a welcome extended to the new contracting parties.

Members of the Council expressed satisfaction on the decision of these countries to become full members and expressed the hope that they would be followed by others.

The Council approved the Executive Secretary's proposal in document C/W/30 and noted that the Governments of Cameroon, Central African Republic, Congo (Brazzaville), Gabon, Kuwait and Upper Volta had become contracting parties pursuant to the provisions of paragraph 5(c) of Article XXVI.

#### 8. Disinvoication of Article XXXV vis-à-vis Japan

The representative of Japan reported to the Council on negotiations conducted by his Government since the twentieth session with various contracting parties concerning the disinvoication of Article XXXV. The Treaty of Commerce, Establishment and Navigation between Japan and the United Kingdom had been ratified on 4 April and would formally come into force on 4 May 1963, and, as has been indicated in document L/1992, the United Kingdom had formally announced its disinvoication of Article XXXV. He understood that consultations were taking place between the United Kingdom Government and the governments of territories for whose international relations the United Kingdom was responsible, and he hoped that these territories would enter into formal GATT relations with Japan as soon as possible. In the case of the Benelux countries the Protocol Amending the Agreement of Commerce and the Protocol Concerning Relations between Japan and the Benelux Countries would be signed shortly. It had been agreed that the Benelux countries would disinvoke Article XXXV on the ratification of these two protocols. It was also expected that the talks which had been taking place between Japan and France would be

concluded shortly, and that on the signing of a bilateral trade agreement between the two countries France would disinvoke Article XXXV. Bilateral negotiations for the modification of the trade agreement now in force between Japan and the Federation of Rhodesia and Nyasaland would take place soon with a view to having Article XXXV disinvoked by the Federation. The Japanese Government had also been informed that the Government of Tanganyika was prepared to disinvoke Article XXXV, provided that a bilateral trade agreement was concluded between the two countries, and it was expected that negotiations for such an agreement would start later this year. His delegation was most grateful to contracting parties for the understanding and co-operation they had shown in this matter.

The Council took note of the information submitted by the representative of Japan.

9. Uruguayan recourse to Article XXIII

The representative of Uruguay said that the reports from governments called for by the Decision of the CONTRACTING PARTIES<sup>1</sup> had been received and his Government would be very shortly in a position to carry this matter further in accordance with the Decision. His delegation therefore asked that the Council give authority for the reconvening of the panel of experts at a date to be fixed by the Executive Secretary to take up questions arising from the report of the panel of experts and the replies received from governments.

The Council agreed to the Uruguayan request.

10. Membership of Group on Meat

The CHAIRMAN said that in view of its interest in the trade in meat, the Danish Government had requested membership of the Group on Meat which was established by the Council in February 1962.

The Council agreed that Denmark should be included as a member of the Group on Meat.

11. Relations with Poland

The second annual review under the Declaration on relations between contracting parties and Poland is to be conducted during the next meeting of the Council in June.

The Council agreed that this task be assigned to the Working Party which had carried out the first review a year ago.

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<sup>1</sup>BISD, Eleventh Supplement, page 56.



Terms of reference:

To conduct the second annual review under paragraphs A:4 and B:3 of the Declaration of 9 November 1959 on relations between contracting parties and Poland and to submit a report to the Council.

Members:

|           |                |                |
|-----------|----------------|----------------|
| Australia | Czechoslovakia | Indonesia      |
| Austria   | Denmark        | Italy          |
| Belgium   | France         | Sweden         |
| Canada    | India          | United Kingdom |
|           |                | United States  |

As the Chairman of the Working Party Mr. Kaufman (Kingdom of the Netherlands) will not be available in June, the Working Party will elect another Chairman.

12. Administration and financial questions

(a) 1962 budget position (L/1970)

The Executive Secretary's proposal in document L/1970 concerning the transfer of savings from one section of the budget to another was approved and the information contained in the document was noted.

The CHAIRMAN drew attention to the fact that several countries were in arrears in the payment of their contributions and he asked the representatives concerned to bring this to the notice of their governments.

(b) Remuneration of general service staff (L/1999)

The Council took note of the announcement by the Executive Secretary in document L/1999 concerning a change in salary scales for general service staff.

13. Appointment of a special advisor on trade and development

The Executive Secretary announced the appointment of Mr. T. Swaminathan as his Special Advisor on questions on trade and economic development. He said that this appointment marked the growing importance which was being attached in the GATT to the question of trade as a factor in the economic development of the less-developed countries and, in particular, to the urgent need for these countries to expand their export earnings.

The Council expressed its gratitude to the Indian Government for releasing Mr. Swaminathan to take up this appointment.

14. Programme of meetings - May to October

The Council confirmed the time-table for meetings which had been agreed upon at its previous meeting, and decided that at its meeting in June a date would be fixed for the Working Party on the African Common Market.