

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONTRACTING PARTIES
Twenty-Second Session

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SUMMARY RECORD OF THE ELEVENTH MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 25 March 1965 at 2.30 p.m.

Chairman: Mr. J. LACARTE (Uruguay)

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1. Trade of less-developed countries - report by the Committee on Trade and
Development (cont'd)

Mr. BARIGYE (Uganda) stressed the importance attached by his delegation to the work of the Committee on Trade and Development. The approval of the new Part IV of the General Agreement and the inauguration of the Committee was considered by his delegation as the beginning of the real awareness of GATT of the problems confronting less-developed countries. As one of the substantial producers of tropical commodities Uganda looked forward to serious deliberations on this item with a view to harmonizing and regularizing trade in this field. His delegation also attached considerable importance to assistance in trade promotion. This was a field in which Uganda had had little experience and was immensely grateful for the work started by the Trade Centre. He looked forward to the expansion of this work. In this connexion his country was grateful for the various efforts made by a number of developed countries and was confident that it would be able to obtain valuable assistance. Importance was also attached

to studies of development plans. The development plan of Uganda had been one of those examined. As he had indicated in the Committee, it was hoped that the development plan of Uganda would not receive a mere scrutiny, but that constructive recommendations would be made by the CONTRACTING PARTIES on measures to assist in the fulfilment of the plan. Finally, as regards the question of preferences, Mr. Barigye said that account should be taken of the realities of the situation of individual countries and of the problems of countries which were less fortunately placed.

Mr. SCHEJBAL (Czechoslovakia) expressed appreciation for the thoroughness of the work programme and for the procedures agreed on by the Committee on Trade and Development. His delegation was glad to lend its support to the report of the Committee. He felt sure that it would prove possible in accordance with paragraph 2(b) of Article XXXVIII to seek appropriate collaboration in matters of trade and development policy with the United Nations and its organs and agencies including those created on the basis of the recommendation of the UNCTAD. In such a way it would be possible to avoid any unnecessary duplication in the activities carried out by the GATT, and other international institutions.

Mr. STEDTFELD (Federal Republic of Germany) was pleased that the Committee on Trade and Development had been able to reach agreement on all points in a discussion which had covered such a wide range of important subjects. His delegation agreed with all the proposals contained in the report especially the establishment of working groups and the mandates given to them. His delegation would participate actively in the work of these groups and was confident that this work would lead to substantial contributions to the objectives laid down in the new Part IV of the General Agreement.

Mr. BOSCH (Uruguay) expressed satisfaction with the work so far accomplished by the Committee on Trade and Development. His delegation would do its best to contribute towards the successful carrying out of the tasks assigned to the Committee. All of the matters with which the Committee had been charged were of importance to his country though, naturally enough, it was particularly attached to problems relating to amendments of various Articles of the GATT, the study of the change in the structure of production and trade in the industrialized countries, and expansion of trade among less-developed countries. His delegation was also pleased with the work achieved in the field of trade promotion. Finally, his delegation supported a suggestion made by the delegation of Chile to the Committee that in studying the development plans of less-developed countries there was need to take into account trade expansion possibilities and problems in other developing countries, particularly those in the same region.

Mr. MOREYRA LOREDO (Peru) stressed the importance attached by Peru to the discussions in the Committee and to the Working Groups which had been established. Referring to the Working Group which had been set up to consider questions of expansion of trade between developing countries and preferences between developing countries, he said that it was universally recognized that it was necessary to

direct and channel world trade in such a way that it would foster the development of all countries with special consideration for those which were in the process of development. However, this could lead to the establishment of preferential systems and regulations on behalf of some of these countries, but to the detriment of others. He felt that there should be more concern for the development of a united front of developing countries. In this connexion his delegation had pointed out from the very outset that it would be necessary to have a preferential system applied by all developed countries on behalf of developing countries without discrimination and with adequate compensation for those countries which were asked to sacrifice something in order to realize this objective. This proposal had not been accepted so far due to the objections of some developed countries based on what they felt were matters of principle. These countries should now reconsider the matter in the light of events over the past few months. As far as developing countries were concerned it was hoped that a satisfactory agreement could be reached on arrangements which would not sacrifice the interest of any less-developed country. A satisfactory solution would only be possible if the CONTRACTING PARTIES on reaching agreement on a principle would then attempt to find some way of dealing with the whole problem by examining the interests of all countries with the greatest degree of goodwill.

Mr. PROPPS (United States) supported the programme of future work which had been outlined in the report of the Committee. His delegation wished to be included in all the Working Groups and would contribute to the best of its ability. The United States delegation looked forward to useful work by all these Groups and to the next meeting of the Committee at which time there would be an opportunity to mark a further stage of progress in the work of the GATT, particularly in relation to areas which fell within the purview of Part IV.

Mr. MIZZI (Malta) said that unfortunately Malta would not be able to participate actively in the heavy programme of work outlined for the next three months. However, it was hoped that the good work already started would be continued with customary enthusiasm and efficiency for the benefit of all developing countries.

Mr. SHAKER (United Arab Republic) expressed pleasure at the work done by the Committee. His delegation would do its utmost to assist in achieving results which would be satisfactory to all.

Mr. DAFGARD (Sweden) said that the Committee had made a promising start and had laid foundations for fruitful co-operation in the future. His delegation was confident that valuable work would be done. The work programme outlined in the report was a very heavy one but Sweden would do its best within its limited resources to meet the requirements and would participate as effectively as possible. Sweden was very satisfied that the Trade Centre had now been established and had started to fulfil its task. The step-by-step approach had been a wise one and it was welcomed that a further step had now been made in building up the activities of the Centre. He hoped that the less-developed countries would avail themselves of the services offered by the Centre and actively participate in efforts to make the Centre a useful and continuing instrument in the promotion of international trade.

Mr. COLLYMORE (Jamaica) associated his delegation with previous speakers who had stressed the importance of the work of the Committee, and hoped that its work would be successful.

Mr. DONOVAN (Australia) expressed appreciation for the work which had been done by the GATT in the field of trade and development. Referring to the remarks made by the delegate of Nigeria at the tenth meeting during the discussion on commodity problems, he said that Australia was interested not only in finding solutions for some commodities but also in activities designed to obtain the same objective in all commodities in particular those of special interest to less-developed countries. He added that in the case of wheat it had taken a long time to reach international agreement. Turning to the report of the Committee he said that he did not wish to upset the balance reached on item 5 of that report, but he had observed that in paragraph 25(i), where reference was made to action by various bodies in the commodities field, no mention had been made of the work done under the auspices of the GATT. He suggested that a phrase referring to action taken under the auspices of the General Agreement be inserted in that paragraph. Alternatively, it could be noted in the record of the present meeting that it was understood that this point was covered in the paragraph.

The CHAIRMAN suggested that it would be sufficient if note were made of the point raised by the delegate of Australia in the record of the meeting.

The Chairman, summing up the discussion, said that the many statements made reflected the interest of contracting parties in the problems assigned to the Committee on Trade and Development. He noted that hope had been expressed by all concerned that the work of the Committee would be fruitful. He thanked the Chairman (Mr. Lall) and members of the Committee for the valuable work they had performed.

The report of the Committee in document L/2410 was adopted and it was agreed that the document be derestricted forthwith.

2. European Economic Community - Agreement of Association with Turkey (cont'd)

The CHAIRMAN recalled that discussion on this item had been adjourned at the tenth meeting to allow time for consultations between interested delegations on the terms of reference for the working party which had been proposed by the United Kingdom delegation. Agreement had been reached on the following text:

To carry out, under the provisions of paragraph 2 of Article XXII, a consultation in respect of the following question raised by the United Kingdom:

"The application by Turkey of Article XXIV:5(a) and of Article XXIV:6 when in the course of forming a customs union with the European Economic Community the Turkish Government reduces its tariff in successive stages towards the Community on the one hand and towards other contracting parties on the other."

The CONTRACTING PARTIES agreed to establish a working party with these terms of reference, and the Chairman proposed the following membership under the Chairmanship of Mr. F.P. Donovan (Australia):

Austria	Nigeria
Brazil	Norway
European Economic Community	Turkey
India	United Kingdom
Madagascar	United States

This was agreed and the CONTRACTING PARTIES concurred in requests by Canada, Israel, Sweden and Switzerland to be added to the Working Party.

The CHAIRMAN then enquired whether the five points he had proposed at the tenth meeting as the conclusions of the discussion were acceptable.

The five points proposed by the Chairman were agreed, as follows:

- (a) to adopt the report of the Working Party;
- (b) to note the diverging views which exist with regard to the compatibility of the Ankara Agreement with the General Agreement;
- (c) to note that the parties to the Agreement are prepared to provide further information on the plan and schedule for the formation of the customs union and, in particular, to provide the text of the Additional Protocol;
- (d) to keep the matter on the agenda of the CONTRACTING PARTIES, so that at any time when any contracting party feels that it would be useful to resume the examination of the provisions and implementation of the Agreement, it could bring the matter forward for discussion either during the course of a session or at a meeting of the Council which would also have the authority to submit the matter to a working party if so requested;
- (e) to note that this would not prejudice the responsibilities of the CONTRACTING PARTIES under the General Agreement nor the rights of individual governments under relevant provisions of the GATT.

3. Canada/United States Agreement on Automotive Products (L/2409)

Mr. SKAK-NIELSEN (Denmark), Chairman of the Working Party, presented the report (L/2409). He explained that the report had been arranged in three sections. Section I contained a short introduction; in Section II were set out a number of questions which had been raised about the meaning of various parts of the Agreement and the answers provided by the Canadian and United States representative. Section III of the report dealt with questions which had been raised on the relation of certain aspects of the Agreement to the GATT. This section, in turn, could be divided broadly into several parts. The first, paragraphs 14 to 19 set out certain

questions which were raised in relation to the position of the United States under the Automotive Products Agreement; some of these related to the legal relationship between the Agreement and the GATT and others to their possible effects on the trade interests of third countries. Secondly, paragraphs 20 to 26 set out the points which had been raised in relation to the position in this respect of Canada - here again both legal and trade questions were involved. Thirdly, paragraphs 27 and 28 set out certain points which were raised about the trade effects of the Agreement taken as a whole. Fourthly, paragraphs 29 and 30 set out some comments of a general nature which had been made on the type of arrangement involved in the Agreement under consideration.

As could be seen from paragraph 31, the Working Party welcomed the action taken by the Governments of Canada and the United States in placing the Agreement before the CONTRACTING PARTIES before it entered definitively into effect. Paragraph 31 also dealt with a number of questions which were raised about the possibility that the United States Government might at a later stage, seek a waiver from the CONTRACTING PARTIES. Paragraph 17 stated it had been the general consensus of the Working Party that if the United States implemented the Agreement in the form in which it now stood, the United States action would be clearly inconsistent with Article I and it would be necessary for the United States to seek a waiver from its GATT obligations. It would be noted from the final paragraph of the report that while the United States delegation did not preclude the possibility of seeking a waiver, it felt that the question was premature at this time since legislation necessary to implement the Agreement had not yet been presented to Congress. The United States delegation had indicated that a decision regarding the waiver application would be made during the course of the legislative proceedings in Congress and that careful consideration would be given to the views expressed in the Working Party.

Mr. LANGLEY (Canada) said that the Canadian position on and under the Agreement was set out in his delegation's opening statement to the Working Party which appeared in Annex B of the report. He did not think that any addition was necessary to that statement beyond drawing the attention of the CONTRACTING PARTIES to the fact that Canada was already providing access to all contracting parties on a most-favoured-nation basis to its market on the terms set out in the Agreement. He reminded contracting parties that Canada and the United States had brought the Agreement to their attention and had taken the initiative to propose that it be examined and clarified. In this connexion he recalled that during the discussion at the fourth meeting one or two delegations had expressed some puzzlement about this procedure. However, in paragraph 31 of the report, members of the Working Party had welcomed this procedure. He hoped that other delegations would agree that the process of study and elucidation had been as worthwhile to them as it had been to the Canadian delegation.

Mr. EVANS (United States) said his delegation appreciated that they had an opportunity to hear the views of other delegations on the Agreement particularly as it related to the GATT. As his delegation had tried to bring out in the Working Party, the Agreement between the United States and Canada had arisen from special and unique factors pertaining to the North American automotive industry. The section of the report which spelled out this unique situation deserved careful study by contracting parties. Another important aspect of the report was the discussion on the trade effects in the United States market on action to be taken under the Agreement. In general his delegation felt that the Working Party had prepared a useful and informative report and contracting parties would find that the report merited very careful study by them.

Mr. IARENA (Argentina) said that his delegation had not been a member of the Working Party but had followed some of its meetings with considerable interest because his country had a very small automobile industry and in its very short span of life had achieved some efficiency in the construction of some models. His delegation had therefore followed the deliberations of the Working Party with some apprehension, not because it was apprehensive of the Agreement as such, but because the Agreement was not accessible to all contracting parties. If there had been no discrimination involved his delegation would have welcomed the adoption of the measures as a step forward in the elimination of obstacles to trade between countries.

Mr. Iarena said that in the view of his delegation the conclusions of the Working Party had left no doubt as to the inconsistency of the Agreement with the GATT, as it would be applied by the United States administration. The United States delegation considered this to be a technical inconsistency. What was important to his delegation was whether or not the provisions of Article I of the General Agreement were fulfilled. He had gathered from the statements made by the United States that there would be no possibility for other countries to participate in the American market under similar conditions to those for Canadian products. In his view the question was simply one of preferential treatment afforded by one industrialized country to another. It was not his intention to go into the question of preferences, but he welcomed what seemed to be a change in the attitude of the United States; a change which would no doubt facilitate better understanding when other bodies would be discussing the question of preferences to be granted by industrialized countries to less-developed countries. Concluding, Mr. Iarena welcomed the fact that the countries concerned had submitted the Agreement for examination to the CONTRACTING PARTIES before it had entered definitively into force. His delegation trusted in the good faith and sincerity of the signatories and he hoped that adequate measures would be taken so that the Agreement would be adjusted to the spirit and letter of Article I of the General Agreement. It was therefore hoped that it would not be necessary to bring the matter before the CONTRACTING PARTIES again at a future date.

Mr. DO LAGO (Brazil) said that the general consensus of the Working Party had been that if the United States/Canada Agreement were implemented in the manner proposed, it would involve a clear departure from Article I of the General Agreement. In this connexion his delegation wished to reiterate the views expressed in the Working Party that such a departure from the obligations of the General Agreement could be interpreted as opening a new approach to the broader issue of preferences to be granted by developed countries in favour of less-developed countries. As a developing country with an already sizeable automobile industry, Brazil had a considerable interest in this matter. His delegation hoped that if this type of sectorial agreement between two developed countries were implemented it would not result in a closing of markets of industrialized centres to potential exporters of manufactured products from those less-developed countries which had reached a stage of production beyond the needs of their internal market.

Mr. COLLYMORE (Jamaica) thanked the delegations of the United States and Canada for the information and explanations they had given on the Agreement. In his view there were two aspects of the Agreement which were of profound importance to contracting parties; one was its economic aspect and the other the question of principle in relation to the General Agreement. When the text of the Agreement had been presented by the Director-General in his introduction to document L/2339, he had stated that he understood that the Agreement would come into definitive effect after the necessary legislative action had been taken. On the one hand it was stated in paragraph 31 of the report that the United States Government considered it would be premature to seek a waiver before legislation had been presented to Congress. This situation posed the question set out in paragraph 31, as to the position of the CONTRACTING PARTIES in this matter. It was clear that once legislation was passed the Agreement would enter into effect, and whether or not a waiver was granted at that stage would not be significant. If, in such a situation, the CONTRACTING PARTIES refused to grant a waiver, the Agreement would nevertheless be applied; and if a waiver were granted, the CONTRACTING PARTIES would be merely condoning an arrangement which the Working Party had stated was a clear breach of the General Agreement and on which it could not reach a clear conclusion as to the economic effects. In this latter connexion it was interesting to note the statement of the Canadian delegate in paragraph 23 of the report to the effect that he was not aware of any agreements between firms which limited the freedom of choice of importers to choose their sources of imports, and also paragraph 10 where he illustrated the open-ended character of the agreement stating that the designating of manufacturers would be done on a liberal basis.

Mr. Collymore noted that Canada had extended the arrangement on a most-favoured-nation basis but that the United States had not. He recalled that, in the Working Party, members had enquired whether the establishment of new preferential arrangements of this kind indicated a change of attitude with regard to new preferences in favour of less-developed countries. The reply given was that the matter was being dealt with in another organ and should not be pursued in the Working Party. He supposed that if this matter were raised

in the organ referred to, the reaction would probably be that the United States/Canada Arrangement was not within the terms of reference of that organ. It would therefore seem that the only place where the matter could be brought into perspective was in a session of the CONTRACTING PARTIES. Information had also been sought regarding the granting of preferences in general and the reply apparently to this part of the question had been that the views of the governments concerned were on record. The question asked, however, had been whether there had been a change of these recorded views as a result of the arrangement. There had been no direct answer to this question, but it was interesting to recall that their recorded views on new preferences were not quite the same.

Mr. Collymore felt that if the Agreement were put into effect, it would be in complete disregard of those principles which the signatories of the Agreement subscribed to in the GATT, and would prove to be an unwise precedent to adopt because any contracting party could devise similar schemes on other products thus finally eroding the last vestiges of the most-favoured-nation rule. The CONTRACTING PARTIES should consider this possibility very carefully. With regard to the decision in the report that the Agreement was a breach of Article I, some members of the Working Party would have wished to have drawn the attention of the CONTRACTING PARTIES to the essence of the conclusions arrived at during the discussions of the Working Party; but there had been some apparent reluctance to recall in the decision what had been set out at greater length in the body of the report. He hoped that, in the absence of such conclusions, the CONTRACTING PARTIES would study the report most carefully, because it would stand as a constant reminder of what could very well follow in the GATT once a precedent had been created for agreements of this nature on a product-by-product basis. He felt that the waiver method was not the way to deal with arrangements of this kind; rather the General Agreement should be amended to accommodate such arrangements so that all could benefit. This suggestion would of course presume a change in the attitude of certain delegations towards the idea of new preferences.

Mr. GILDEA (United Kingdom) expressed the appreciation of his delegation that the United States Government had brought this question to the CONTRACTING PARTIES before taking action which might be inconsistent with the GATT. The American case had been that the intended action, although technically inconsistent with the letter of Article I, was consistent with its spirit because any adverse effects on trade of third countries would be negligible. It was not surprising therefore that the Working Party had failed to reach agreement on the question of trade effects. It was always difficult to forecast the future especially in the long term. The Canadian and United States delegations had made a good case, but many contracting parties felt that there was not sufficient evidence to draw firm conclusions and therefore their fears had not been entirely allayed.

On the legal point, the United States delegation should be given full credit for the frank and straightforward way in which they readily agreed that their present intentions were clearly inconsistent with the provisions of Article I, as was recorded in paragraph 17 of the report. With regard to paragraph 31, two possibilities were described which would enable the United States to avoid the need for an indefinite departure from the most-favoured-nation principle. The United Kingdom delegation hoped that the United States Government would decide to act on one of these possibilities. In particular, the solution under which the United States Government would take powers to eliminate its very low $6\frac{1}{2}$ per cent tariff on cars by negotiation in the Kennedy Round, rather than insist on maintaining a $3\frac{1}{4}$ per cent duty with all that this implied seemed a very practical one. His delegation would suggest that, in noting the report of the Working Party, the CONTRACTING PARTIES should commend these possibilities to the serious consideration of the United States Government, and ask them to inform the CONTRACTING PARTIES in due course what they intended to do.

Mr. SUZUKI (Japan) shared the views of previous speakers who felt that the United States/Canada Agreement involved matters relating to a principle of the General Agreement. He expressed concern that the agreement might create a precedent for the future. His delegation firmly believed that an agreement of this nature should not be applied to other products or to other areas. Mr. Suzuki also stated his apprehensions that trade diversion effects might well result from the Agreement, and he reserved the right of his delegation to take up the problem in an appropriate body of the GATT on an appropriate occasion.

Mr. ONYIA (Nigeria) said that a less-developed country such as Nigeria looked at the United States/Canada Agreement in the light of two considerations; the first was the compatibility of the Agreement with Article I of the GATT; the second, having in mind the proposals being made by the less-developed countries for the granting of preferences, was the type of objection that had been raised against the granting of preferences. With regard to the question of the compatibility of the Agreement with Article I of the GATT he felt that he need make no comment other than to recall the statements which had been made earlier in the discussions of the CONTRACTING PARTIES when the Association Agreement between the EEC and the African and Malagasy States had been discussed. Referring to paragraph 29 of the Working Party's report regarding the concept of contiguity he emphasized that this consideration was not the only consideration which should be taken into account. As the delegate of Jamaica had stated, the conclusion would be drawn that the countries concerned had had a change of heart on the question of preference. It should therefore be taken that the statement recorded in paragraph 30 meant in effect that requests by less-developed countries for waivers for the granting of preferences on specific items would receive a favourable reception. If his understanding of this matter were correct, he would submit specific proposals to the Group on Preferences.

Mr. SCHLOSSER (Commission of the EEC) felt that it was not necessary for him to elaborate on the substance of the problem since he considered that the report had fully recorded the various views expressed in the Working Party. He wished merely to express appreciation for the frankness shown by the two delegations which had endeavoured to answer the numerous questions submitted to them.

Mr. MOREYRA LOREDO (Peru) shared the fears expressed by some of the previous speakers that the United States/Canada Agreement might serve as a precedent for the setting up of other future preferential arrangements between developed countries, thus closing the door to the possible exports of semi-manufactured and manufactured goods of the developing countries. Like the Jamaican delegation, his delegation would also wish to obtain some clarification as far as paragraph 30 was concerned on the question of whether the position now adopted by the United States meant some change in its traditional stand against the principle of the granting of preferences.

Mr. GRUNWALDT-RAMASSO (Uruguay) felt that there was no doubt as to the final conclusions of the Working Party's report, that if the Agreement were ratified in its present form by the United States Government, it would be incompatible with the General Agreement. As far as the substance of the Agreement was concerned, his delegation, among others, had had an opportunity to point out what its concerns would be if the matter were to come before the CONTRACTING PARTIES in the form of a request for a waiver. If the United States should request a waiver from the CONTRACTING PARTIES, his delegation would take it that the United States had revised its opinion on the question of preferences. For these reasons his delegation considered that the work carried out by the Working Party had been positive.

Mr. SWARUP (India) said that the interest of his delegation in the Working Party's report arose mainly from the fact that a certain technique was being employed to solve a certain problem. With regard to the economic rationale submitted by the United States in favour of this arrangement, they had stated that the Agreement was intended to achieve a broader market for automotive products. It was also said that while the United States automotive market was big enough to realize economies of scale, this was not the case in Canada. The conclusion to be drawn therefore was that one of the parties to the Agreement had agreed to accord preferential treatment to another party in order to make available to the latter the opportunities of a wider market. This had been the submission of the developing countries when they had made their plea for preferences, because the industries in developing countries suffered far greater disabilities in this respect than industries in Canada. The United States had also expressed the view that the purposes of the agreement were different from those historically associated with preferential arrangements. The use of the word "historically" in his statement was very significant, because the idea behind the new proposal for preferences was that all industrialized countries should accord preferential arrangements to all developing countries. This would avoid any trade diversion effects which it had been stated had arisen in the case of the old system of preferences. If the economic rationale was that a piecemeal approach should be avoided in the granting of preferences, it was to be hoped that this new attitude would enable less-developed countries in making submissions on the question of preferences to receive the support of the two signatories to the Agreement.

His delegation felt that a more satisfactory way of dealing with situations such as the one under consideration would be to amend Article I, and he hoped that the fullest co-operation of the parties to the Agreement would be obtained for action in fields in which the less-developed countries had been hoping for progress. He associated his delegation with those which had welcomed the action of the United States and Canada in submitting the Agreement to the CONTRACTING PARTIES before its entry into force.

Mr. EVANS (United States) referred to a remark by a previous speaker concerning a statement by the United States representative in the Working Party that the United States/Canada Agreement was technically inconsistent with the GATT. He felt that the wrong conclusion had been drawn from the use of that phrase. It was not the intention of his delegation to imply any contempt for the General Agreement, nor had it been suggested that some violations of the General Agreement were less important than others. The purpose of this remark had been to bring the whole discussion into perspective by drawing attention to the fact that in the view of the United States the deviation from the provisions of Article I would not affect the course of trade in its market. Mr. Evans went on to reiterate the reasons which had led his Government to this conclusion. The duty on automobiles entering the United States was extremely low and if the present United States offer in the Kennedy Round were maintained this duty would be even lower. There was a fairly flourishing market for foreign automobiles in the United States and he doubted whether the people who were interested in foreign cars would be influenced by a $3\frac{1}{4}$ per cent duty. His delegation felt that the whole situation was unique; this fact and the trade effects he had already referred to should be taken into account in considering the question of principle and precedence.

The CHAIRMAN summing up the discussion, said that it was clear, both from the text of the report and from the preceding discussion, that the general opinion was that if the United States/Canada Agreement were to be applied as proposed it would be inconsistent with Article I of the General Agreement, and it would be necessary to ask the CONTRACTING PARTIES for a waiver. Contracting parties were informed that the draft bill had not yet been submitted to the Congress of the United States and it had been mentioned in the Working Party's report that a copy of this draft bill would be submitted to the CONTRACTING PARTIES for information. He assumed, therefore, that contracting parties would be familiar with the draft law before it became the subject of detailed consideration by the Congress of the United States. Meanwhile, as pointed out by the United States delegation, it would be premature to ask the United States to request a waiver until the action to be taken by the United States Congress were known. The views expressed during the discussion would, no doubt, be reported by the delegations concerned to their governments. The United States and Canadian delegations had submitted this matter to the CONTRACTING PARTIES in order to obtain their views and guidance and this they had now obtained. He suggested that if the Government of the United States were to consider it necessary at a later date to seek action by the CONTRACTING PARTIES in order to reconcile its participation in the Agreement with its obligations under the GATT, the matter should be referred in the first instance to the Council for consideration.

This was agreed.

4. Definitive application of the GATT (cont'd) (L/2375/Add.1)

Mr. ONYIA (Nigeria) recalled that when this item had been dealt with at the fourth meeting, it had been agreed that the item should be retained on the agenda for the next session of the CONTRACTING PARTIES, but that any contracting party, if it so wished, could revert to the matter during the present session. At the request of his delegation the secretariat had distributed in document L/2375/Add.1 the information which had been received from governments in May 1958, when they had been requested to state whether they were in a position to accept the GATT definitively and if so to submit details of any mandatory legislation for which they would wish to enter reservations. Mr. Onyia thought that definitive acceptance of the General Agreement would have favourable psychological effects on the work of the CONTRACTING PARTIES and on its prestige. Nevertheless, as there had been changes in the situation of some governments since 1947 when the General Agreement was negotiated, the matter should be discussed fully at the next session, and meanwhile an assessment of the current situation should be made.

Mr. Onyia proposed that the CONTRACTING PARTIES refer the matter to the Council with an instruction to establish a working party with appropriate terms of reference and to report to the next session.

The proposal by the delegate of Nigeria that the Council be instructed to establish a working party to study this matter and report to the twenty-third session was agreed.

5. Programme of meetings (W.22/17)

The CHAIRMAN enquired whether the programme of meetings for April to June, proposed by the secretariat in document W.22/17, was acceptable.

The programme of meetings was adopted and it was agreed that the twenty-third session would be held from 1 to 25 March 1966.

6. Election of officers (W.22/16)

The CHAIRMAN said that this item had been discussed at a meeting of Heads of Delegations and agreement had been reached on the officers to be elected for the ensuing year. The officers proposed for election were listed in document W.22/16. At the meeting of Heads of Delegations it had also been agreed that the nominees for the vice-chairmanship would designate one of their members as First Vice-Chairman to preside at any meeting of the CONTRACTING PARTIES when the Chairman was not available.

Mr. PRESS (New Zealand) on expressing appreciation for his nomination as a Vice-Chairman, said it gave him great pleasure to propose Mr. Bresson (Upper Volta) as First Vice-Chairman.

The following officers were elected to hold office until the close of the twenty-third session:

Chairman of the CONTRACTING PARTIES	- Mr. J.A. LACARTE (Uruguay)
Vice-Chairmen of the CONTRACTING PARTIES	- Mr. G. BRESSON (Upper Volta) - First Vice-Chairman
	Mr. K.L. PRESS (New Zealand)
	Mr. ROTHSCHILD (Belgium)
Chairman of the Council of Representatives	- Mr. N.V. SKAK-NIELSEN (Denmark)
Chairman of the Committee on Trade and Development	- Mr. K.B. LALL (India)

7. Chairman's closing statement¹

In closing the twenty-second session the CHAIRMAN said that among the important matters considered at the session those which were connected directly or indirectly with the marked tendency towards the formation and strengthening of regional economic groupings had been in the forefront of attention. The current readjustment of obligations and advantages on a world scale brought about by the growing recourse to common markets and free-trade areas had raised far-reaching questions concerning the future orientation of GATT. There would be an opportunity to ponder on this before the next session. In doing so the interesting fact he had mentioned at the beginning of the session should be borne in mind - namely that a majority of the contracting parties already belong to or were associated with one or other of the regional groupings in question. Thought should be given to the traditional rôle of GATT as a regulating element in international trade and to the common interest of all contracting parties that this orientative capacity be maintained to the advantage of all GATT members.

Referring to the Kennedy Round of trade negotiations, the Chairman said that fundamental progress had been made; agreement had been reached on the conditions for participation of less-developed countries and on the rules to govern negotiations on agricultural products; in addition arrangements had been formalized for the participation of a number of other countries.

The Chairman urged delegations of countries which had not yet done so to remind their governments of the desirability of accepting in the near future the new Part IV on Trade and Development. He pointed out that twenty-six ratifications were still required for its definitive adoption.

He expressed pleasure that a few days previously the CONTRACTING PARTIES had taken the significant step of designating as Director-General, Mr. Eric Wyndham White who until then had been the Executive Secretary. By this action, the CONTRACTING PARTIES had confirmed the importance they attributed to the GATT in the constellation of elements bearing on international economic questions, and had confirmed the support and confidence in the person who had served them without interruption for the past eighteen years.

¹The text of Mr. Lacarte's statement has been issued in GATT/926.

The Chairman expressed gratitude for his own election, and declared his intention to serve the CONTRACTING PARTIES to the best of his ability.

On behalf of the CONTRACTING PARTIES he conveyed, through the intermediary of the Canadian delegation, regret that the outgoing Chairman, Mr. J.H. Warren had been absent. As a sign of the gratitude of the CONTRACTING PARTIES for the balanced, intelligent and expert way in which he had conducted their discussions during his two years as Chairman, Mr. Lacarte presented to him the gavel used during his term of office and he asked the leader of the Canadian delegation to forward it to Mr. Warren.

The Chairman declared the session closed at 5.30 p.m.