

CONTRACTING PARTIES
Third Session

SUMMARY RECORD OF THE TWENTY-EIGHTH MEETING

Held at Hotel Verdun, Annecy,
on Monday, 20 June 1949, at 2.30 p.m.

Chairman: Mr. G. BRONZ (United States)
Mr. E. WYNDHAM WHITE (Executive Secretary)
Mr. N. PERRY (Canada)

Subjects discussed:

1. Final Report of the Committee on Special Exchange Agreements (GATT/CP.3/44)
2. Request of Delegation of Cuba regarding adjustments in certain tariff items (GATT/CP.3/45).

Statement covering request of the Cuban Delegation to negotiate tariff items on table potatoes.

3. Report of Working Party 3 on Consultation Procedure under Article XII, 4 (a), continued.

1. Final Report of the Committee on Special Exchange Agreements (GATT/CP.3/44).

Mr. BRONZ (United States) took the Chair and introduced the Final Report of the Committee on Special Exchange Agreements as Chairman of that Committee.

Mr. LEWIS (United States) introduced Resolution No. 3 (A/W/9), which he explained had been drafted to cover, so far as GATT was concerned, the case of Liberia as covered in Article 24 6 (d) of the Havana Charter.

The Final Report of the Committee on Special Exchange Agreements, including Resolutions Nos. 1 and 2, was adopted by a vote of 17 for and none against.

Resolution No. 3 was adopted by a vote of 15 for and none against.

Mr. JOHNSON (New Zealand) expressed his delegation's appreciation of the work of the Committee, much of which had concerned particularly New Zealand; of the association with that work of the representative of the International Monetary Fund; of the work of the Chairman, for which he felt Mr. Bronz had been particularly qualified, and to the CONTRACTING PARTIES for having received the report so favourably.

2. Request of Delegation of Cuba regarding adjustments in certain tariff items (GATT/CP.3/45).
Statement covering request of the Cuban Delegation to negotiate tariff items on table potatoes.

Mr. WYNDHAM WHITE (Executive Secretary) took the Chair and enquired whether it was agreed to entertain the Cuban request under Item 20 of the Agenda. There were no objections.

Dr. PANDO (Cuba) explained that his Delegation were seeking authority from the CONTRACTING PARTIES to enter into negotiations with the Delegations of Canada and the United States, with which countries the items in question had been negotiated initially. He pointed out that the table on page 1 of the statement covering the Cuban request sets forth the tariffs on these items as in Parts I and II of Schedule 9 annexed to the General Agreement, and that the table on the second page of the statement sets forth the proposed adjustments in these duties. The proposed adjustments would apply only during the months of July, October and November, i.e., a requested increase in duties during July in exchange for an offer to lower the duties by an equivalent amount during the months of October and November, which his Delegation regarded as satisfactory compensation for the requested increase which they considered would afford adequate protection for domestic producers.

The CHAIRMAN enquired whether the Canadian and United States Delegations were prepared to enter forthwith into negotiations with Cuba.

Mr. LEWIS (United States) and Mr. PERRY (Canada) indicated that their respective delegations were prepared to enter into negotiations with Cuba on the tariff items in question.

The CHAIRMAN enquired whether any other contracting party considered itself to have a substantial interest in these items.

Mr. LAMSVELT (Netherlands) stated that the Netherlands, being one of the principal European suppliers of table potatoes, had a substantial interest. However, he assumed that there would be an opportunity to put the Netherlands case when the results of the negotiations were reported to the CONTRACTING PARTIES.

The CHAIRMAN commented that this was presumably a case of modifying the appropriate schedules to GATT which should be handled in a manner analogous to the procedure under Article XXVIII, i.e., negotiations would take place with the contracting parties with which the tariff items in question had been negotiated initially, as well as with any contracting party which the CONTRACTING PARTIES determined to be substantially interested. The CONTRACTING PARTIES would indicate a date by which the negotiations should be completed and the results reported to the CONTRACTING PARTIES. The modifications agreed would take effect immediately upon approval by the CONTRACTING PARTIES, all contracting parties having been given an opportunity to participate at some stage if the CONTRACTING PARTIES saw fit. For example, the Netherlands Delegation could be given an opportunity to participate at the time a report was made to the CONTRACTING PARTIES.

Dr. PANDO (Cuba) agreed with the statement made by the Executive Secretary, which he considered to be a fair interpretation of the appropriate procedure and expressed the hope that agreement could be reached in time for the adjustments to be effected beginning July 1; otherwise the domestic producers would not be able to enjoy the protection proposed for that month.

The CHAIRMAN enquired whether the Canadian, Cuban and United States Delegations were in a position to enter into negotiations immediately and to report to the CONTRACTING PARTIES in approximately a week, say, June 28.

Mr. LEWIS (United States) indicated that because of domestic procedural requirements it would be impossible for the United States Delegation to indicate its final decision prior to June 28, but nevertheless his Delegation would endeavour to meet the suggested deadline.

Mr. PERRY (Canada) indicated that his Delegation was in a position to commence negotiations without delay.

Mr. PANDO (Cuba) stated that his Delegation would report to the CONTRACTING PARTIES on the results of the negotiations as soon as agreement had been reached.

Dr. AUGENTHALER (Czechoslovakia) enquired in what form such modifications in the appropriate schedules to GATT could be effected prior to July 1.

Dr. MULLER (Chile) indicated that he was not now in a position to state whether or not Chile would be substantially affected by the adjustments proposed by Cuba and enquired whether his Delegation would have an

opportunity at a later date to present its case if it so desired.

The CHAIRMAN commented that the formal position was as described by the delegate for Czechoslovakia, i.e., the proposal was to modify the appropriate schedules to GATT which would require formal acceptance by the CONTRACTING PARTIES. On the other hand, if such a procedure were approved by the CONTRACTING PARTIES - all interested parties having been given an opportunity to participate with the approval of the CONTRACTING PARTIES - there would appear to be no insuperable difficulties in giving immediate effect to the proposed adjustments, subject to subsequent formalisation in a protocol, which in turn would require formal acceptance by the CONTRACTING PARTIES. If there were objections to the procedure outlined, the position could be formalised meanwhile by a waiver under Article XXV, pending formalization by a protocol of modifications. He doubted, however, if this procedure would be necessary. There was a precedent for the first suggestion, i.e., the modifications in the schedule relating to Pakistan which were agreed at the second session and which in due course it would appear to be desirable to embody formally in a protocol of modifications which would include all modifications approved by the CONTRACTING PARTIES.

With respect to Chile, there appeared to be two possible remedies. First, at any time before the report was made to the CONTRACTING PARTIES, the Chilean Delegation could consult the Cuban Delegation, or, secondly, either at any time before or at the time the report was made to the CONTRACTING PARTIES, the CONTRACTING PARTIES could be asked to determine whether Chile had a substantial interest and was therefore entitled to join in the negotiations, or alternatively, the CONTRACTING PARTIES could request that no final action be taken until Chile was consulted and gave its consent.

Mr. MULLER (Chile) indicated that he would approach the Cuban Delegation when it had been ascertained whether or not Chile was substantially affected.

Dr. AUGENTHALER (Czechoslovakia) proposed that while negotiations were taking place the possible legal methods of effecting the contemplated adjustments should be investigated and suggested that the Article XIX procedure might be a possibility.

It was agreed to request the Delegations of Canada, Cuba and the United States to enter into negotiations without delay and to report to the CONTRACTING PARTIES as soon as possible.

3. Report of Working Party 3 on Consultation Procedure under Article XII, 4 (a) Continued.

Mr. PERRY (Canada) (Chairman of Working Party 3) took the Chair.

The following statement submitted by the delegate of Southern Rhodesia was noted:

"The second sentence of paragraph 18 which states that the report should be treated as a secret document would imply that the report would be circulated in a very limited number to the Head of each delegation of the contracting parties personally, if the CONTRACTING PARTIES are in session or to the representative designated by each contracting party as contemplated in paragraph 7 of the report, if the report is submitted when the CONTRACTING PARTIES are not in session."

The report of Working Party 3 on Consultation Procedure under Article XII 4 (a) was adopted.