

SUMMARY RECORD OF THE THIRTY-NINTH MEETING

Held at Hotel Verdun, Annecy,
on Wednesday, 10 August 1949 at 2.30 p.m.

Chairman: Hon. L.D. WILGRESS (Canada)

- Subjects discussed:
1. Supplementary report of Working Party on the Budget (Budget/4/Rev.1)
 2. Intensification of United Kingdom Import Restrictions (GATT/CP.3/68).
 3. Fourth and Fifth Reports of Working Party 2 on Article XVIII (GATT/CP.3/60 and 64).

1. Mr. RODRIGUEZ (Brazil), Chairman of the Working Party, introduced the report. He emphasized that the plan was based on volume of trade taking into consideration the years 1938 and 1946. He also emphasized that this plan was limited to the coming year and did not constitute a precedent.

The CHAIRMAN thanked Mr. Rodriguez and the members of the Working Party for their work in drawing up the budget. He called attention to an alternative proposal (BUDGET/5) distributed by the Czechoslovak. delegation at the meeting.

Dr. AUGENTHALER (Czechoslovakia) pointed out that his proposal had the advantage of not depending in any way on the number of countries involved. He suggested another formula which would entirely eliminate categories of countries, which has been incorporated in document BUDGET/5 .

Mr. RODRIGUEZ (Brazil) explained that the Working Party had tried to follow a practical method as it did not believe that any scientific principle could be absolutely correct or equitable. Furthermore, the countries with the largest contributions under the Working Party plan had already received the approval of their

governments and it would cause delay to change the plan at this stage. He did not think the Czechoslovak plan entirely free of criticism which could be made of the Working Party plan as it also had a certain arbitrary basis.

Mr. REISMAN (Canada) supported the Working Party proposal chiefly on the purely practical grounds of the delay involved in pursuing other suggestions. He thought perhaps the Czechoslovakian proposal had certain advantages but preferred not to alter the plan at this stage.

Dr. AUGENTHALER (Czechoslovakia) pointed out that the difference in the amount of contribution for his country between the two planned was minor and had had no bearing on their calculations. He believed, however, that it was an advantage to have a formula that could be adhered to regardless of the number of countries involved.

Mr. ROYER (Deputy Executive Secretary) said that the adjustment required in the Working Party plan should some of the acceding governments not become contracting parties was not a difficult one. It would only involve dividing the total budget by smaller number of countries.

Mr. BURR (Chile) thought the Czechoslovak plan a sound and appropriate one. He suggested for the practical reasons previously referred to by other speakers that it be kept in the records for consideration in the course of any future discussion of the question of contributions.

Mr. HSUEH (China) also thought the Czechoslovakian plan an improvement since it was entirely based on volume of trade, and provided easier calculation.

Mr. LEWIS (United States) agreed with the Chairman of the Working Party and the representative of Canada that it was preferable to adopt the Working Party suggestion because of the time element.

Mr. THOMMESSEN (Norway) supported the Czechoslovak proposal.

Mr. SHACKLE (United Kingdom) thought that the apparent logicality of the Czechoslovak plan was slightly deceptive. It was in fact based on total volume of trade i.e. a combination of import and export trade. This, however, masked a difference in different countries as to their actual balance of trade. It was consequently not necessarily more correct than the Working Party proposal. Also, for the practical reasons earlier mentioned, he opposed the Working Party proposal.

Mr. JAYASURIYA (Ceylon) was in favour of the Czechoslovak plan. In order to obviate the practical difficulties, he suggested that payment of the contributions be made on the basis of the Working Party proposal with subsequent adjustments should the Contracting Parties adopt the Czechoslovak proposal.

Dr. AUGENTHALER (Czechoslovakia) agreed that the entire volume of trade was not the best scale of measurement and added that in reality what should be calculated was the total volume of trade within the Contracting Parties. This, however, would be very complicated. He suggested that the decision on his proposal be deferred until the next session of the Contracting Parties and in the meantime, countries pay one-half their contribution as fixed by the Working Party proposal. At the next session the complete contribution could be decided upon.

Mr. ROYER (Deputy Executive-Secretary) pointed out that this would put the Secretariat in a very difficult cash position. For instance, in 1949 it would not have been possible to hold this meeting but for the advances by the UN due to the delay in paying contributions by Contracting Parties. In 1950 there will be no advances from the UN. Furthermore, countries could only go to their parliaments once for the allocation of funds. He suggested, as a possible solution, that the full amount as decided in the Working Party proposal might be remitted subject to adjustment at the end of the year should the plan be changed.

Mr. REISMAN (Canada) pointed out that this was in any case only a temporary arrangement pending the establishment of the I.T.O. He thought the proposal by the delegate of Chile that the Czechoslovak plan be kept on record for the next meeting, should it be again necessary to provide a budget, a very sound one and wondered if it could not be agreed to.

Mr. LECUYER (France) said that Mr. Royer's point regarding the fact that Parliaments could only be approached once for the amounts was correct. He also agreed with the practical difficulties mentioned by other delegates.

Mr. RODRIGUEZ (Brazil) agreed with Mr. Lecuyer that the proposal of Ceylon would raise practical difficulties in view of the fact that estimates must be made by individual countries each year in advance.

Mr. NICHOL (New Zealand) supported the statement of the delegate of Canada.

Mr. CASSIERS (Belgium) also supported this statement. Although the Czechoslovak system was not without merit, the Working Party plan had the advantage of providing a somewhat higher basic contribution to be paid by all countries toward the work of the Secretariat. This work, after all, did not depend upon the size of the country involved.

Mr. AUGENTHALER (Czechoslovakia) did not think the difficulties for the various countries so great. They would in any case have to put their estimates at the highest figure since they must provide for the eventuality of some countries not becoming Contracting Parties. If the amount estimated were diminished there would certainly be no objections.

The CHAIRMAN said that a majority of those who had taken part in the discussion had spoken in favour of the Working Party solution. He suggested that the Chilean proposal which had been supported by the delegates of Canada and France be adopted, that is, that the Working Party report be approved and the Czechoslovak proposal kept upon the records for examination at the next session of the Contracting Parties at which budget contributions were discussed. This was agreed.

The CHAIRMAN called the attention of the Contracting Parties to document GATT/CP.3/55/Add.1 which listed the countries which had paid and those which had not paid their contributions to the 1949 budget. He asked those in the latter category to take

immediate steps to notify their governments of the pressing need for early payment.

2. INTENSIFICATION OF UNITED KINGDOM IMPORT RESTRICTIONS
(GATT/CP.3/68).

Mr. SHACKLE (United Kingdom) said that he had little to add to the letter and its Annex which had been circulated. He emphasized that until the important conversations which were due to take place in Washington in September had been concluded, it would not be possible to produce a definitive import programme. Once this was ready, his government would, of course, be willing to enter into consultation.

Mr. WILLOUGHBY (United States) said that his government attached much importance to the consultation procedure, as the Contracting Parties were aware, and consequently welcomed the statement by the United Kingdom. He suggested that its contents be noted and the question of the timing of any consultations be left to the Chairman to work out with the interested parties, particularly with United Kingdom.

Mr. SHACKLE (United Kingdom) said that this was agreeable to him.

In reply to a question from Dr. Augenthaler, the CHAIRMAN said that the procedure for intersessional consultations adopted earlier in the session (document GATT/CP.3/50) could if necessary be invoked in this case.

The procedure suggested by the United States was agreed.

3. FOURTH AND FIFTH REPORTS OF WORKING PARTY 2 ON ARTICLE XVIII.
(GATT/CP.3/60 and 64).

a) The Chairman suggested taking the Fifth Report on the date of decision on the Ceylon application first.
The Fifth Report was approved.

b) Fourth report of Working Party 2.

Mr. HEWITT, Chairman of the Working Party, summarised the contents of the report.

The CHAIRMAN thanked the Working Party and its Chairman for the excellence of the intensive work accomplished and the great care which had been devoted to it.

He stated that the report would be taken up section by section and he would ask the Chairman of the Working Party to indicate the significant parts, and decisions required, in each section.

Paragraphs 1 to 5 were purely factual statements and required no action.

Section A on the Measures Notified by the Government of the Netherlands in respect of Indonesia was approved.

Section B on the Measures Notified by the Government of Chile was approved.

Section C on the Measures Notified by the Government of United Kingdom in respect of Mauritius, and the decision contained in paragraph 11 were approved.

Section D on the Measures Notified by the United Kingdom in respect of Northern Rhodesia, and the decision contained in paragraph 20 were approved.

Section E on the Measures notified by the Government of Cuba and the decision contained in paragraph 30 were approved.

Section F on the measures notified by India and the decision contained in paragraph 39 were approved.

Section G on the Measures notified by the Government of Lebanon and Syria and the decisions referred to in paragraphs 49 (Citrus and Other Fruits), 52 (Wheat), 54 (Barley), 56 (Wheat Flour), 59 (Sugar), 61 (Chocolate), 65 (Preserves of Vegetables and Fruits), 68 (Cement), 71 (Raw Cotton), 73 (Cotton Yarn or Thread), 76 (Cotton Textiles) and paragraph 83 (Glass and Glassware) were approved. The recommendations in paragraphs 79 and 81 (Natural and Artificial Silk and Hosiery) involved the granting of a waiver under Article XXV (5)(a) which required a two thirds majority of the votes cast, such majority to comprise more than one-half the contracting parties. This

waiver in the decision set forth in Annex A was granted by sixteen votes to none.

The substance of paragraph 84 was accepted by the Contracting Parties.

The Chairman again expressed the appreciation of the Contracting Parties for the work of Mr. Hewitt, the Chairman of the Working Party.

The meeting adjourned at 5.30 p.m.