

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

RESTRICTED
LIMITED

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CONTRACTING PARTIES

Third Session

SUMMARY RECORDS OF THE FORTY-FOURTH MEETING

Held at Hotel Verdun, Annecy
on Saturday, 13 August 1949 at 2.30 p.m.

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

Subjects Discussed:

1. Third Set of Tariff Negotiations (Continued)
2. Sixth and Seventh Reports of Working Party 2 on the Ceylon Application.
3. Report on the Work of the CONTRACTING PARTIES.
4. Activities of the International Customs Tariff Bureau.
5. Resolution of Gratitude to the French Authorities.
6. Closing Speech of the Chairman.

1. Third set of Tariff Negotiations (GATT/CP.3/77) (continued)

The CHAIRMAN summarized the conclusions reached at the preceding meeting. As for the countries to be invited, he thought the negotiations should be as universal as possible, to cover all de jure and de facto authorities customarily independent in the conduct of their diplomatic or trade relations. The procedure followed prior to the second set of negotiations would still leave out certain areas and de facto governments. It was therefore proposed that in addition to the participants in the Havana Conference and the members of the United Nations, countries like Israel, should be approached which had subsequently become members or were seeking membership of the United Nations. A question would arise in regard to Korea and Germany; the former was listed in the Annex to the Secretariat Note because the permanent observer of that country at Lake Success had approached the Executive Secretary on the question of membership in the I.T.O., and the Executive Secretary had replied that he would bring the matter to the attention of the contracting parties.

Mr. AUGENTHALER (Czechoslovakia) thought it would be sufficient to inform all the countries which had participated in the Havana Conference and members of the United Nations. As there were at present two Germanies and two Koreas it was doubtful whether the contracting parties should deal with authorities in de facto control of a part of a country whose status was unrecognized. Even though an enquiry is not an invitation it would not be consistent with international courtesy not to invite any country if it had replied affirmatively to an enquiry as to its desire to participate in such negotiations. He therefore proposed that neither Korea nor Germany should be taken into consideration by the Working Party.

Mr. LECUYER (France) supported the reference of the whole matter to the Working Party for detailed and careful study. The remarks by the CHAIRMAN and the representative of Czechoslovakia had provided a sound guidance for the Working Party on the question of the list of countries to be invited. His delegation would have to make a reservation with regard to the inclusion of Germany on the invitation list in view of the unstable economic and political situation of that country which made it difficult for his delegation to partake in a decision. Article XXVI of the Agreement, in his opinion, indicated that no country could participate in such negotiations unless it enjoyed some degree of autonomy.

Mr. CASSIERS (Belgium) said it was difficult to say whether Germany should be invited or not. In the first place, Germany was not at present an independent state and since there would eventually be a German state, the result of any negotiations with the present authorities would be purely temporary. It would be essential to have Germany participate in the negotiations as soon as there was a German government, but not before that. Besides, it would be unprofitable to negotiate with the present authorities as the trade of that country was still highly unstable.

Mr. BOEKSTAL (Netherlands) referring to his earlier proposal in relation to the provisions of Article 71 of the Havana Charter, enquired whether the Chairman upheld his proposal.

Mr. RODRIGUES (Brazil) was of the opinion that since the GATT as well as the future I.T.O. was of the nature of a specialized agency functioning under the auspices of the United Nations, it might be useful to request the United Nations for guidance on the political aspect of the question on hand. If that should not be feasible, the Secretary-General of the United Nations might be approached for advice. As regards the economic aspect, all economists were agreed that there could be no stability for the European economy without trade with Germany. On the question of procedure, Mr. RODRIGUES felt that the draft report or memorandum of the Working Party should also be circulated among the invited countries; difficulties might arise if they were not allowed to participate in the formulation of the rules of procedure for the negotiations.

Mr. MULLER (Chile) agreed with the representative of Belgium that it would be unnecessary to invite countries possessing no international status but he felt that as such status might undergo changes in the meantime, decision on the question could be left until the Fourth Session. Mr. MULLER, whilst agreeing to the appointment of a Working Party to study the Memorandum contained in the Secretariat Note, felt that a thorough discussion by the CONTRACTING PARTIES was indispensable before any decision could be taken. Since no opportunity would be provided for such discussion if a vote was to be taken by post, certain general limitations should be laid down to the terms of reference of the Working Party which by necessity must be very broad. For instance, he would suggest that no recommendation should be made by the Working Party contrary to the suggestions in paragraph I (a), (b) or (c) of the draft Memorandum.

Mr. AUGENTHALER (Czechoslovakia) supported the suggestion of the Chilean representative and agreed that the question connected with unrecognized governments should be left for consideration at the Fourth Session. He pointed out that the question of recognizing a part of Germany as a member of an international organization was an entirely different one from the question of trade with Germany. There was no intention to interfere with the flow of trade with Germany, but it was not necessary to confer on that country the status of a recognized political entity until its government was stabilized. It

would be politically prejudicial for its future to recognize any of its present administrative authorities or to sponsor negotiations therewith.

Mr. WILLOUGHBY (United States) felt, however, that the trade problems were not less real than political and constitutional problems. It was the view of the United States delegation that no action should be taken by the CONTRACTING PARTIES at present that would have the effect of precluding Germany from participating. Even though for various reasons it was not known whether that country would be able to accept an invitation, the possibility of its participation should not be ruled out. The recommendations of the Working Party should therefore provide for the possibility of inclusion of Western Germany in the list of countries to be invited and the possibility of further discussion on the question at the Fourth Session.

The CHAIRMAN pointed out that it had been the practice of the United Nations to invite any authorities which had a direct interest in the subject matter of a particular conference. This was exemplified in the Resolution of 1 August 1947 of the Economic and Social Council convening the Havana Conference. In referring the question to a Working Party, a general guidance should be provided to the Working Party, and the Working Party could, whenever there should be a doubtful case arising, consult with the contracting parties. Following the suggestion of the Netherlands representative, he would formulate the general principle as follows: That is, invitations should be sent to:

- a) those countries which accepted the invitation to participate in the Havana Conference provided they are eligible for membership of the I.T.O. under Article 71 of the Havana Charter, and
- b) those countries which were not invited to the Havana Conference but which would be eligible for membership of the I.T.O. under the provisions of Article 71 of the Havana Charter.

Mr. SHACKLE (United Kingdom) said that in view of the complicated nature of the problems referred to the Working Party, it seemed impracticable for a final decision to be taken by postal ballot.

He, therefore, suggested that discretion should be left with the Chairman and the Executive Secretary and at least in regard to the question of invitation, the Chairman and the Executive Secretary should be empowered to take the necessary steps under the guidance of the principles of the Havana Charter and the criterion of tariff and trade autonomy.

Mr. AUGENTHALER (Czechoslovakia) was agreeable to the suggestions to leave the responsibility to the Chairman and the Executive Secretary but added that they should inform all contracting parties and seek their opinion in regard to any doubtful cases.

Mr. HEWITT (Australia) said that the views of the Australian government regarding occupied areas had already been expressed on certain occasions but in the absence of instructions his delegation was unable to take a definite stand at present on the specific question connected with the tariff negotiations. He felt that no decision should be taken at this stage and that the Working Party should also be entrusted with the study of the means by which a decision on this question could be taken.

The CHAIRMAN concluded that the consensus of opinion at this meeting had indicated that the question could be left entirely with the Working Party which could consult with the contracting parties in case of doubt, and the contracting parties could give their views to the Working Party if they so wished. It was understood that the Working Party should send invitations to all countries with an unquestioned status, but it should consult the contracting parties in regard to any marginal cases.

The terms of reference proposed by the Chairman were adopted, as follows:

- (a) To study the possibility of arranging for a third set of tariff negotiations on the basis of the draft Memorandum attached to document GATT/CP.3/77 and in the light of the discussion at the meeting of the CONTRACTING PARTIES on 13 August 1949; and

- (b) To instruct the Executive Secretary to circulate the report on or about 30 September to the contracting parties and to request a reply by 30 October 1949 as to whether or not they are prepared to arrange for a third set of negotiations on the basis of that report.

Upon the proposal of the CHAIRMAN, and several supplementary suggestions having been taken into account, the following countries were appointed to the Working Party:

Australia	Netherlands
Belgium	Norway
Canada	United Kingdom
Czechoslovakia	United States
France	

Mr. KING (China) wished it to be placed on record that the Chinese government would welcome an invitation to Korea if it should be so recommended by the Working Party.

The CHAIRMAN said that the remark of the Chinese representative would no doubt be taken into account by the Working Party.

2. Sixth and Seventh Report of Working Party 2 on Ceylon Application (GATT/CP.3/73 Rev. 1 and 85)

Mr. HEWITT (Australia) as Chairman of Working Party 2, presented the last two reports of the Working Party. He pointed out that of all the items in the Ceylon application five were found at the end of the Annecy re-negotiation to remain in the Ceylon Schedule. These were considered under paragraph 5 of Article XVIII and the recommendations of the Working Party were set out in paragraph 59 of the report. The other items were considered under paragraph 7 of Article XVIII, and recommendations

regarding these were set forth in the Sixth Report, with the exception of one item which was examined under paragraph 8, and the recommendations thereon were made in the separate Seventh Report.

Mr. DESAI (India) said that his delegation had willingly agreed to the granting of the releases, as the economic development of Ceylon was also of interest to her neighbouring countries. However, since it had been difficult for the Working Party to formulate conditions for the operation of the releases which would preclude any abuse, it was sincerely hoped that in administering the Industrial Products Act, the Ceylon Government would keep in mind the provisions of paragraph 7 (b) of Article XVIII and endeavour to reduce any ensuing dislocation in trade to a minimum.

Mr. JAYSURIYA (Ceylon) assured the representative of India that due regard would be paid to the provisions of paragraph 7 (a) in the administration of the Act.

Section A of the Report was considered and the granting of a release in respect of plywood panels and ornamental plywood as recommended in paragraph 16 of the report was approved.

Section B was considered and the release in respect of boots, shoes and sandals as recommended in paragraph 20 was approved.

Section C was considered and the release in respect of volley balls as recommended in paragraph 22 was approved.

Section D was considered and the release in respect of acetic acid and wood preservative as recommended in paragraph 27 was approved.

Section E was considered and the release in respect of shark liver oil as recommended in paragraph 30 was approved.

Section F was considered and the release in respect of pyrodite as recommended in paragraph 33 was approved.

Section G was considered and the release in respect of iron and steel products as recommended in paragraph 38 was approved.

Section H was considered and the release in respect of cotton textiles and cotton lace as recommended in paragraph 42 was approved.

Section I was considered and the release in respect of rubber products as recommended in paragraph 45 was approved.

Section J was considered and the release in respect of paper as recommended in paragraph 50 was approved.

Section L was considered and the release in respect of ink as recommended in paragraph 56 was approved.

Section M concerning the five items considered under paragraph 5 of Article XVIII was considered and the recommendations set forth in paragraph 58 were approved. The release in respect of these five items as set forth in sub-paragraph 59 (e) was accordingly granted.

At the suggestion of Mr. EVANS (United States) the meeting also took note of the statements in paragraph 12 of the report regarding the conditions under which the releases were to be granted.

The Sixth Report was approved.

Mr. RODRIGUES (Brazil) stated that the use of the expression "comparable quality" in sub-paragraph 12 (a) and in the preamble to the Annex should have no effect on the position which his delegation had always been taking.

The Seventh Report was considered and the recommendations of the Working Party as contained in paragraph 2 thereof were approved. The decision annexed to the report permitting Ceylon to introduce the proposed measures pending a decision by the CONTRACTING PARTIES at their next session was also approved, by 16 votes to none.

The Seventh Report was approved as a whole.

Mr. JAYASURIYA (Ceylon) expressed on behalf of his delegation its gratitude to members of the Working Party for the objective way in which the meetings of that Working Party had been conducted and especially to its Chairman for the moderation and dignity he had shown in handling the application.

The CHAIRMAN expressed on behalf of the contracting parties their appreciation of the achievement of the Working Party and especially paid tribute to its Chairman.

Mr. EVANS (United States) felt that such success as was found in the work of the group was chiefly due to the perseverance and diligence of its Chairman.

Mr. HEWITT (Australia) thanked the representatives for their commendation.

Mr. DESAI (India) said he shared the same sentiments with the representative of Ceylon.

3. Report on the Work of the Contracting Parties.

The CHAIRMAN brought to the attention of the representatives that a draft of the report has been circulated to the heads of delegations and comments had been requested; the report had been amended to the satisfaction of the delegations which had proposed changes. The publication of the report was approved.

4. Activities of the International Customs Tariff Bureau
(GATT/CP.3/86)

Mr. CASSIERS (Belgium) proposing the adoption of the draft resolution, outlined the activities of the Bureau and the purposes of the Resolution.

With reference to paragraph (1) of the operative part of the Resolution, he stated that all information was available at his delegation for consultation regarding the arrears of subscriptions due to the Bureau.

Regarding the third point, he said that tariff modifications were notified to the Bureau by most countries in a manner exceedingly inconvenient for their incorporation in the publications of the Bureau. Only the United Kingdom and Canada had established the practice of sending regular notifications in an easily accessible form. He would, therefore, urge that contracting parties should communicate any changes in their customs tariffs schedules by means of a standard form of notification or index cards instead of despatching bulky literature.

Mr. LECUYER (France) said that the French delegation would give strong support to the proposal in view of the importance of the work performed by the Bureau to governments and to the public at large. He also gave assurance that the French government would participate in the conference referred to in paragraph (2) of the Resolution.

Mr. AUGENTHALER (Czechoslovakia) said his delegation was unable to support the Resolution because he felt it was difficult to commit his government to increase its subscription without prior consideration. The budget which had been presented to governments in the previous years had been involved and did not bear out clearly the need for an increase in the Bureau's budget in relation to its activities. Furthermore, the world situation had changed so much since the turn of the century that the work performed by the Bureau along the lines set down in 1890 hardly corresponded to the present requirements. In particular, the translation of tariffs into certain languages had become unnecessary and, therefore, reconstruction and adaptation of the Bureau was needed before any consideration could be given by his Government to the financial requirements of the Bureau.

Mr. RODRIGUES (Brazil) supported the French representative and said that the financial support proposed in the Resolution was

necessary to see the Bureau through the interim period before the establishment of the I.T.O. without which it would be unable to continue its useful work, for which commendation had been almost universal. He would therefore recommend to his Government the acceptance of the Resolution.

Mr. CASSIERS (Belgium) thanked the representatives of France and Brazil and said he also agreed with the criticism of the Czechoslovakian representative. Accordingly, he proposed to amend paragraph (2) to read : "its agenda to include the examination of the method for financing the Bureau, pending". The Resolution concerning the granting of financial assistance and the furnishing of documentation to the International Customs Tariff Bureau in the amended form was unanimously approved.

Mr. CASSIERS (Belgium) expressed his gratitude for the consideration of the contracting parties.

5. Resolution of Gratitude to the French Authorities (GATT/CP.3/87)

The CHAIRMAN introduced the draft Resolution and proposed its adoption.

Mr. AUGENTHALER (Czechoslovakia) suggested substituting the words: "The people in Annecy" for "the very many individuals and organizations" in the last paragraph.

The Resolution as amended was unanimously approved.

Mr. LECUYER (France) said that the remarks and the Resolution would be greatly appreciated by the local authorities and the people of Annecy.

6. Closing Remarks by the Chairman.

The CHAIRMAN delivered a closing speech (see document GATT/CP.3/90).

Mr. WILLOUGHBY (United States) said that he was in full agreement with the CHAIRMAN' remarks. He would like to say that the success of any conference was due in large measure to its officers, and the contracting parties had been extremely fortunate in having a chairman who was capable of keeping their discussions in their right course and of conducting the meetings in an impartial and unaffected manner.

The CHAIRMAN expressed gratitude on behalf of all the officers.

Mr. AUGENTHALER (Czechoslovakia) associated himself with the remarks of the United States representative regarding the ability of the Chairman and also of the Vice-Chairman.

Mr. DESAI (India) was of the same opinion.

The CHAIRMAN said that he would convey the sentiments of the representatives to Mr. BLANKENSTEIN and declared the close of the third session of the CONTRACTING PARTIES.

The meeting rose at 6:30 p.m.