

GENERAL AGREEMENT ON TARIFFS AND TRADE

Contracting Parties

Second Session

SUMMARY RECORD OF THE TENTH MEETING

Held at the Palais des Nations, Geneva,
on August 23rd, 1948, at 3 p.m.

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

The Status of the Agreements and Protocols

The Chairman read a statement on the questions raised by the Representative of the Union of South Africa involving:

- a) the legal validity of the Protocol modifying certain provisions of the General Agreement on Tariffs and Trade;
- b) the proposal to approve at this session a Protocol similar to the Protocol drawn up at the first Session, but with certain words of the first paragraph of Article XXXV deleted.

After careful consideration of the question, he thought that the South African representative had not established his case to the satisfaction of the contracting parties. The signature of the Final Act at Geneva was not an agreement between the signatories but the authentication of a text awaiting acceptance. At any time before its acceptance, the signatories could agree to vary the text. If the majority agreed to the amended text, the minority accepting the original text, but not its modifications, could be taken to have accepted the amended text with a reservation.

With regard to the Protocol of provisional application he thought the Contracting Parties should not try to force Article XXXV on the Union of South Africa, but try to determine the obligations of the contracting parties towards South Africa, in accordance with the obligations which they had accepted, by agreeing to apply provisionally the revised text. */

Mr. LEDDY (United States) proposed the adjournment until the text of the Chairman's statement had been circulated to the Delegations, and the Meeting agreed.

Application of the General Agreement to the areas under military occupation. (Gatt CP.2/W/5)

Mr. STINEBOWER (U.S.A.) said the United States attached the greatest importance to this question. At this session, he would only be concerned with the areas in Germany for which his country was responsible. These areas were not self-supporting and their earnings through exports had to be implemented by contributions of the United States. Any decline of exports meant an increase of the burden on the United States and consequently on the United States tax payer. Any discriminatory duty imposed upon German exports was therefore a further tax on American citizens.

His proposal asked only for reciprocity treatment. It was obvious that any such regulations of German trade were subject to the final decisions to be taken when the Peace Treaties came into force.

Mr. MARBURY (U.S.A.) then proceeded to illustrate the draft Agreement (GATT/CP.2/W/5) and added that contracting parties had an interest that the trade of the areas be conducted in accordance with the principles of the Agreement,

*/ The full text of the Chairman's statement appears in document GATT/CP.2/17.

and that the same parties would be the first to complain if the United States should permit practices in violation of these principles. It was therefore only logical that the United States should demand reciprocal treatment. He hoped the greatest majority of the contracting parties would agree to the proposal and that the document might be signed before the close of this session.

Dr. AUGENTHALER (Czechoslovakia) said he would examine the proposal from two different angles: the first was that the extension of the Agreement to these areas was legally impossible. The Agreement dealt only with the relations of the contracting parties among themselves and this was clearly brought out by the Final Note to Annex I. Any individual country could negotiate with other areas provided the rights of the other contracting parties were not injured. The question was within the competence of each contracting party and the CONTRACTING PARTIES had no authority to deal with the question; any interference was a violation of the sovereign rights of the individual Governments. It was a political and a military problem and neither Germany nor Japan could be parties to the Agreement until the Peace Treaties had been signed.

Mr. TONKIN (Australia) said the item on the Agenda covered a general question but the contracting parties were now confronted with a particular issue and he proposed the adjournment which was supported by Sir Oliver GOONETILLEKE.

The Meeting agreed to discuss the question on Wednesday morning.

Request of the Government of Cuba (Gatt CP.2/8)

The meeting agreed to refer points 1, 2 and 3 of the Cuban proposal to Working Party No.2, on Future Tariff

Negotiations, and point 4 to Working Party No.5 on Art. XVIII (Adjustments in connection with Economic Development).

Application of Article 1 (Gatt CP.2/9)

Dr. SPEEKENBRINK had hoped to discuss the matter in detail with the Cuban Delegation but he had not yet had the possibility to do so. He proposed the adjournment to which the Meeting agreed.

Proposal of the U.S.A. for modifications to the Schedules (Gatt/CP.2/W.4)

Mr. LEDDY (U.S.A.) thought the matter was self-explanatory in so far as the changes involved were not of substance, but of technical drafting.

As Mr. SHACKLE (United Kingdom) and Sir Oliver GOONETILLEKE (Ceylon) were not yet quite certain about certain details of the proposal, the Meeting agreed to accept in principle the Protocol of rectifications subject to the reservation that the United States of America went through with its negotiations and reported back to the contracting parties.

Preferences for the U.S.A. Trust Territory in the Pacific. (Gatt CP.2/W.6)

The United States would administer the former Japanese mandated islands in the Pacific under a Trustee Agreement with the United Nations. These islands had an extremely small volume of exports, mainly copra, and the United States Government, in order to assist the populations of these Islands, proposed to grant them similar preferences to those enjoyed by the Philippines. The United States did not ask for preferences for their exports to these islands. He suggested that if the proposal

was in principle acceptable, it might be referred to a Working Party and the Chairman thought Working Party No.3 could, if the Meeting agreed, consider the question.

Mr. RODRIGUEZ (Brazil) said he had not studied the proposal but emphasized the importance of the principle.

SIR OLIVER GOONETILLEKE agreed with Mr. Rodriguez in regard to the importance of the principle involved and said that his was probably the only country directly involved.

M. de VRIES (Netherlands) said he could understand the reasons of the United States but he wanted to point out that his country was interested not only in the principle involved but also in the substance. There were islands in Eastern Indonesia for which the Netherlands were responsible and whose main export was also copra. This export trade might reasonably, if not immediately within a few years, suffer considerably from the privileged position of the islands to which the United States desired to grant preferential treatment.

Mr. SHACKLE (United Kingdom) asked which other territory might be involved.

Mr. TONKIN (Australia) said his Government was very much interested in this question and that his country acted also as trustee for copra-producing territories in the Pacific area. His Government wanted further information but pending instructions he would find it difficult to accept the U.S.A. proposal. He would not object to the examination of the matter by a Working Party.

The proposal to refer the question to Working Party No.3 on Modifications of the General Agreement was approved.

On the CHAIRMAN's proposal, the following items of the Provisional Agenda were referred to Working Party No.1.

Item No. 1: Rule 14 of the Rules of Procedure
(GATT/CP.2/3/Rev.1)

Item No. 6: Development of procedures for carrying out consultations between, and for action by, the Contracting Parties during the periods between Sessions of the Contracting Parties.

Item No. 18: Determination of the date of the Third Session of the Contracting Parties.

Mr. SHACKLE suggested that the Working Party, when considering Item No. 6, should examine the possibility of passing on measures taken for developmental purposes during the period between the Sessions.

Regarding Item 18 of the Provisional Agenda, it was also agreed that Working Party No. 1 should wait for the recommendations of Working Party No. 2 before examining the question.

The meeting rose at 6.10 p.m.