

RESTRICTED
LIMITED B

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ORIGINAL: ENGLISH

GENERAL AGREEMENT ON TARIFFS AND TRADE

Contracting Parties

Second Session

SUMMARY RECORD OF THE TWELFTH MEETING

Held at the Palais des Nations, Geneva,
on August 25, 1948, at 10.00 a.m.

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

BRAZILIAN REQUEST FOR WITHDRAWAL OF CONCESSIONS. SCHEDULE
III.

Gatt/CP.2/W.9.

Mr. GUTIERREZ (Cuba)* indicated that his intervention in this discussion was not due to any direct interest in the Brazilian proposals, but that he was prompted to express his deep interest in the procedure followed, according to which a contracting party could withdraw concessions in a manner not contemplated in the Agreement. He thought the application of Article XXV very questionable. Any decision of the Contracting Parties would establish a precedent whatever might be said to the contrary. He also formally announced that if the difficulties his government was encountering in relation to silk hosiery; rubber tires and tubes and ribbons and trimmings, could not be solved in this session his government would follow the precedent established by the Brazilian case or avail itself of the right granted by Article XIX of the Agreement.

* The text of Dr. Gutierrez's statement has been circulated as GATT/CP.2/9.

Mr. VINCENT (United Kingdom) thought there were various procedures for dealing with the case of Brazil, which was exceptional. The matter had been dealt with sympathetically in the Working Party and he thought it would be possible to find a procedure to deal with the Cuban requirements.

Mr. RODRIGUES (Brazil) said he had only one point to raise and that was that Dr Guiterroz had only looked at one part of the paper. The concessions the Brazilian Government was making were to be regarded as temporary as appeared in the document under discussion, but there was no intention to withdraw them unless it became imperative to do so on very few items. The Brazilian Government was undertaking to enter into negotiations with the United States and the United Kingdom with a view to making certain of these tariff concessions binding. He felt sure that another government would act similarly if confronted with a similar situation and Brazil was granting additional concessions which would vastly compensate for those to be withdrawn.

The CHAIRMAN said that it appeared that the view of the meeting was for a sympathetic consideration of the proposal of Brazil and that in his opinion it was best to leave the matter to be discussed in an informal Working Party between Brazil, the United Kingdom and the United States who should in the course of their discussions bear in mind the requirement that no undesirable precedent should be established.

The debate was then adjourned.

APPLICABILITY OF THE AGREEMENT TO AREAS UNDER
MILITARY OCCUPATION

GATT/CP.2/W5

Mr. TONKIN (Australia) said he had not yet received instruction from his government, pending which he opposed the proposal to extend most-favoured-nation treatment to militarily occupied areas. He said the general policy of his government in such matters was that they should be dealt with through the already existing machinery for consultation. The avowed intention of the United States government to bring up at a later date a similar proposal in relation to Japan was the point that caused embarrassment to the Australian government.

Mr. STINEBOWER (United States) wished to ask Mr. Tonkin what he meant by "existing machinery" and Mr. TONKIN replied that as far as Japan was concerned he was thinking of the Far Eastern Commission in Washington and for Germany he meant normal governmental channels.

Sir Oliver GOONETILLECKE (Ceylon) said his country gave most-favoured-nation treatment to all occupied territories and was always interested in removing obstacles to international trade. He therefore did not agree with Mr. Tonkin.

Mr. MOBARAK (Lebanon) said that the question was one of considerable complexity; for the United States it amounted to a budgetary question and he thought it advisable to adjourn discussion to the next session of the Contracting Parties when it might be possible that the Political authorities had further advanced toward the conclusion of agreements on the status of these areas.

Mr. NICOL (New Zealand) found himself in exactly the same position as Mr. Tonkin whom he wished to support, but if there were no other machinery to deal with the question then there would be no option for the Contracting Parties but to consider it. He had heard that various countries (apart from those applying most-favoured-nation treatment) had signed bi-lateral instruments through diplomatic channels.

Mr. WUNSZ KING (China) said that he had not yet received instructions from his government but the matter had already been discussed in Geneva and in Havana. The proposal before the meeting caused him anxiety and alarm because the United States delegates had let it be known that they had in mind to present at a later stage a similar proposal relating to Japan. From a legal point of view he saw considerable force in the argument of one delegation that the Agreement, as it was, could only be applied between the Contracting Parties. He also asked the Chairman whether the American proposal was to be considered an amendment or an addition to the text to the Agreement according to Article XXX, or whether it was to be a separate instrument.

Mr. STINEBOWER (United States) said that his delegation had refrained from giving the document a precise form in order that the Contracting Parties might find a satisfactory conclusion more easily. In his view the draft proposal could become a separate agreement.

Mr. SHACKLE (United Kingdom) said that regarding Germany the United Kingdom had already exchanged notes with the United States on this point but that the Exchange

of Notes was an independent bilateral agreement ^{independent of} ~~with no~~
~~reference to the GATT.~~ ^{the GATT.} Although it was practically
identical with the present United States draft the
difference was that one was multi-lateral and the other
bilateral and further that the Exchange of Notes related
to the Bizone, whereas the United States draft related
to all ~~these~~ zones of Western Germany. He did not raise
objections to the United States draft but did not ^{at present see} ~~think~~
^{the need} ~~it convenient~~ to sign a document ~~at present~~ which would
say the same things again. As to Japan the United
Kingdom had not signed and did not at present propose to
sign any instrument in relation to Japan analagous to the
Exchange of Notes already mentioned regarding Germany.

Mr. PHILIP (France) said his country was in a similar
position to the United Kingdom, they had also exchanged
notes with the United States. His delegation was prepared
to consider the proposal in a Working Party and would
examine it with an open mind reserving all its rights as
to the final decision.

Mr. LAMSVELT (Netherlands) said his country was in
the position of the United Kingdom and France; they had
no objection to the proposal of the United States. He
said that in his opinion it was not necessary to discuss
Japan, but Germany was a neighbour of Benelux which had
a great interest in its economic recovery. He did not
agree that other countries should necessarily have to
come into the Agreement before most-favoured-nation is
applied to this occupied territory.

Mr. CASSIERS (Belgium) said he had not much to add
after what had been said by the representative of the

Netherlands. Some objections had been raised but referring to those contracting parties who had not signed bilateral agreements he thought an instrument could be deposited for acceptance by those countries whose governments thought fit to do so. There was therefore no reason why delegates should wait for instructions from their governments and he supported the United States proposal.

Dr. AUGENTHALER (Czechoslovakia) thought the discussion was politically unwise and wondered whether it was economically necessary or useful. Bilateral agreements had been signed voluntarily and in view of that fact he did not see why the matter should be brought before the Contracting Parties unless it was intended to make an agreement signed here obligatory upon the Contracting Parties. Unless he received instructions to the contrary he could not sign at this session any document establishing any relation between Germany and the GATT coming out of this session of Contracting Parties.

* ↑ "Mr. WUNSZ KING (China) said that he shared the view that there appeared to be no need for signing the same instrument on a multilateral basis which embodied the identical terms contained in the bilateral Exchange of Notes, because this might give rise to a number of complications, legal or otherwise, in connection with GATT."

by the United States and the relations of such an instrument to the GATT.

The CHAIRMAN said the full discussion of the matter was not easily summed up except that a number of countries

appeared to oppose the suggestion that an agreement of the type suggested be arrived at in connection with Japan. Some support for the proposal relating to Western Germany had been forthcoming but there was a marked reluctance on the part of representatives to express themselves clearly until they had received instructions from their governments. He had not however seen an unwillingness to examine the question further and suggested setting up a working party with the following terms of reference:

- a) To consider the appropriateness of the procedure suggested by the United States having regard to the Final Note in Annex I to the General Agreement on Tariffs and Trade and to the arguments advanced in the course of the discussion at this session.
- b) Having regard to (a) above, to consider the draft agreement submitted by the United States representative and to make recommendations thereon to the Contracting Parties.

The proposal to set up a Working Party with the above terms of reference was approved. The Working Party to be called Working Party No. 6 and to be composed of the following delegations: Australia, Canada, China, Cuba, France, Netherlands, Pakistan, United Kingdom, United States; Dr. Gutierrez (Cuba) to be the Chairman.

The meeting rose at 1 p.m.

