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GENERAL AGREEMENT ON TARIFFS AND TRADE
SECOND SESSION
CONTRACTING PARTIES

SUMMARY RECORD OF THE TWENTY FOURTH MEETING
Held at the Palais des Nations,
Genova, on Saturday 11 September,
1948, at 10 a.m.

REPORT OF WORKING PARTY 5 ON ARTICLE XVIII (GATT/C/P.2/38)

The CHAIRMAN expressed his regret that the document containing the Report was being circulated only in the English language because the French text was not yet available. He hoped French-speaking delegations would accept to discuss the English text and offered all assistance on the part of the interpreters.

Mr. LECUYER (France) accepted the situation in deference to the Chairman but expressed his disappointment and hoped French-speaking delegations would not again be put to the inconvenience of having to work on English texts. He was obliged to make reservations for any misunderstanding or inadvertance which might occur in consequence.

The CHAIRMAN called upon Mr. HEWITT (Australia), Vice-Chairman of the Working Party 5, to illustrate the report. Mr. Hewitt gave an outline of the work done by the Working Party.

It had examined the measures notified by Contracting Parties under paragraph 6 of Article XVIII of the General Agreement. Some of the measures notified (Norway) had been found to be covered by the provisions of Article XII safeguarding the balance of payments and therefore were not the concern of the Working Party.

Regarding the measures notified by the U.K. and the Kingdom of the Netherlands, the Working Party recommended the adoption by the Contracting Parties of Decisions set out in Annex C granting waivers in respect of the dates of notification and operation.

Further information being required for the consideration of certain measures notified, it was sought in Annex D to give some guidance to the applicant Contracting Parties by suggesting the type of information which would be most appropriate.

In view of the rigid time-table set by paragraph 6 of Article XVIII, it was thought fit to set out in detail the recommendations contained in Annex E to the Report and a procedure was elaborated which if accepted by the CONTRACTING PARTIES, would enable all decisions to be taken at the Third Session including those measures which in accordance with the dates of notification would have required earlier consideration. Annex C contained a draft Decision deferring consideration of measures notified by Cuba and the Netherlands to the Third Session of the CONTRACTING PARTIES.

Paragraphs 27 and 28 of the report contained recommendations as to the procedure to be followed for the examination of the measures notified by Chile.

The paragraphs were taken up one by one:

Paragraphs 1. to 5 were approved

Paragraph 6 was approved with the deletion in line 10 of the word "protective"

Paragraphs 7 & 8 were approved

Paragraph 9 Mr. CAMPOS (Brazil) proposed to delete as being superfluous, the last two sentences of the paragraph. Mr. Hewitt (Australia), Mr. Shackle (U.K.) and Mr. Oldini supported the retention of the two sentences as usefully emphasizing the difference between Articles XII and XVIII. The text of paragraph 9 was approved without changes.

On the consideration of paragraphs 10 to 13 , Mr. Fresquet suggested deferring any decision in view of the fact that the matter was being considered by Working Party 7.

Mr. SHACKLE (U.K.) associated himself with the statements of the Working Party and pointed out that irrespective of the question of tariff consolidation referred to Working Party 7, the Cuban measures referred to in paragraph 13 of the report were not compatible with the provisions of paragraph 6 of Article XVIII, as they were discriminatory in their operation.

The CHAIRMAN pointed out to the Representative of Cuba that the paragraphs under consideration were factual statements and no decisions by the CONTRACTING PARTIES were required. He suggested they be passed by the meeting to facilitate the work.

The meeting agreed.

With regard to paragraph 15, Mr. OPTEDAL (Norway), pointing out that the Norwegian measures were in force but were not being administered as protective measures, said the ruling of the Working Party to the effect that said measures came under Article XII on the protection of the balance of payments and not under Article XVIII was acceptable to his Delegation.

Paragraph 15 was approved.

Mr. DJEBHARA (Syria) commenting upon the Working Party's statements in paragraph 17 said these were valid reasons in support of the measures taken by Syria and the Lebanon. For the economic development of a country not only should new industries be created but old ones maintained,

and this interpretation was borne out by the new text of Article XVIII.

The sugar monopoly in his country required protection for the development of that branch of agriculture and also protection for a new industry.

Mr. HEWITT suggested a drafting change at line 9 of paragraph 17. The words "decisions should be taken" should be deleted and the words "the eligibility of these measures should be considered" be inserted. Replying to Mr. Djebhara, he said the Working Party had not recommended that the measures notified should not be continued, but doubts had arisen as to the applicability of Article XVIII, and a decision on the matter had for this reason to be deferred to the next session when the information required by Annex D to the Report would be available. He considered, moreover, that Article XVIII, paragraph 5, related to development and not to protection of existing industries.

Mr. Garcia OLDINI (Chile) thought the interpretation of the Working Party too restrictive. Article XVIII concerned itself with general economic development. Industries which were in existence might have to be protected in order that others might be developed.

Mr. ADARKAR (India) agreed with Mr. Oldini that the concept of development should include that of maintenance and referred to paragraph 7, a (i) of Article 13 of the Havana Charter which specifically referred to the protection of an industry already in existence.

The CHAIRMAN thought it was clear from Mr. Hewitt's remarks that the Working Party had suggested the collection of more information and that at the moment no debate on the question was appropriate.

Mr. MOUBARAK (Lebanon) expressed his agreement with the Representative of Chile and made formal reservations with regard to Mr. Hewitt's remarks.

Paragraphs 16 and 17 of the Report were approved

Paragraph 18 was approved with the correction suggested by Mr. Hewitt, that the words "in his opinion" be inserted in the first line after the word "that" and that the word "question" be inserted in the last line but one of the same paragraph.

Mr. MOUBARAK (Lebanon) suggested November 30th, 1948, instead of October 31st 1948 as the time limit for submitting information, but it was thought best that the question of dates be considered in conjunction with the whole time-table contained in Annex E and, with this reservation, paragraph 20 was approved.

In connection with paragraph 23, Mr. USMANI (Pakistan) agreed with Mr. Hewitt, that new adherents could arrive at special agreements with the CONTRACTING PARTIES under Article XXXIII but suggested that paragraph 11 of Article XVIII could be so amended as to provide for accessions to the Agreement.

The CHAIRMAN pointed out that the Protocols were now ready for signature and could no longer be amended.

Mr. CAMPOS (Brazil) wished to recall that the Brazilian Delegation had suggested a flexible provision in Article XVIII which would have made accessions possible without resorting to the elaborate procedure of Article XXXIII.

Mr. USMANI (Pakistan) referring to paragraph 24 which recommended the procedures described in Annex E to the report, asked whether this applied also to measures which came

under paragraphs 7 and 8 of Article XVIII as amended.

Mr. HEWITT pointed to the Annexes which indicated the type of information required in connection with measures falling under paragraph 6 [11] of Article XVIII.

Paragraphs 21, 22, 23, 24 were approved.

Mr. Garcia OLDINI (Chile) was prepared to accept the recommendations of paragraphs 25, 26, 27, 28, but he was doubtful about one point. Paragraph 4 of the Working Party's Report stated quite correctly that the Contracting Parties had to submit statements within 60 days from the date of provisional application of the Agreement. As, according to paragraph 27 of the Report, Chile would be requested to furnish the information at the time they adhere to the Agreement, he considered this would not be in accordance with the Agreement. He thought it possible to overcome the difficulty if the agreement were of an informal character.

Mr. HEWITT felt the Working Party was not competent to take a decision, though as Representative of Australia, he saw no objection to an informal agreement.

Mr. SHACKLE (United Kingdom) said the difficulty could be overcome by reporting in the Summary Record a statement of the Representative of Chile to the effect that he agreed to the date set for furnishing the information required.

Mr. Garcia OLDINI said he would have no difficulty to agreeing with the recommendations of the Report but he did not want to agree to a decision contrary to the provisions of the General Agreement. The words "in an informal manner" could be inserted in line 5 of paragraph 27 after the word "statements".

Mr. De VRIES had no objection to the procedure but it should be clear that any statement was a statement of the Chilean Government in order to avoid difficulties at the Third Session. Informal statements might be even more of a violation of the Agreement than the one which gave concern to the Observer for Chile.

The CHAIRMAN pointed out that any informal statement would not relieve Chile of its obligation to supply information officially within 60 days of the application of the Agreement. He suggested that "informally" be added after the word "agree" in line 3 of paragraph 27.

Mr. Gorcia OLDINI (Chile) agreed to the Chairman's proposal that the word "informally" be inserted after the word "agree" and to the recording of his informal agreement that detailed information on existing measures would be furnished at the time of signature of the Protocol of Provisional Application.

The meeting approved the recommendations of the Working Party on the question of the Chilean accession.

In paragraph 28, in the line before the last, the words "would have" should be inserted before the word "opportunity".

REPORT OF THE LEGAL WORKING PARTY UPON THE REQUEST OF THE GOVERNMENT OF CHILE FOR AN EXTENSION OF TIME IN WHICH TO SIGN THE PROTOCOL OF PROVISIONAL APPLICATION (GATT/CP.2/29)
(Continued).

The CHAIRMAN pointed out a possible ambiguity in the final passage of the Resolution where it was not perfectly clear that the CONTRACTING PARTIES were dealing only with the right of accession to the Agreement in connection with its provisional application.

The meeting agreed to add in the last paragraph of the Resolution, after the word: "Agreement", the words: "in its provisional application" and to substitute the words "the General Agreement" in the penultimate line of the same paragraph with the words "such an Agreement".

The meeting agreed to confirm the 17 February 1949 as the date to be inserted in the Protocol.

REPORT OF WORKING PARTY 5 ON ARTICLE XVIII (GATT/CP.2/38)
(Continued).

The meeting decided to continue the examination of the Report at the forthcoming meeting. In the meantime, Annex C to the Report would be examined by the Legal Working Group.

REPORT OF WORKING PARTY No. 1 ON FINANCE (GATT/CP.2/35)
(Continued).

The CHAIRMAN informed the meeting that a decision had to be arrived at by the Contracting Parties on this matter, in order to enable the Executive Committee of the I.C.I.T.O. to decide on the question of financing expenses of the Contracting Parties up to the present session.

The Secretariat circulated the following revised formula for contributions by contracting parties:

A. United Kingdom and United States over 10%	\$22,000
B. France 7 1/2 - 10% 1 at \$8,000	8,000
C. Belgium and Canada, 5 - 7 1/2 %	11,000
D. Australia, Brazil, China, Netherlands, South Africa 2 1/2 - 5 1/2 5 at \$3,750	18,750
E. Czechoslovakia, India, Norway, New Zealand, Pakistan 1 - 2 1/2 % 5 at \$2,000	10,000
F. Burma, Ceylon, Cuba, Syria, Lebanon, Luxembourg, Southern Rhodesia Less than 1% 7 at \$900	
	<u>6,300</u>
	\$ 76,050

(The percentages in brackets refer to the percentage

After a discussion in which Mr. LECUYER (France), Mr. MOUBARAK (Lebanon), Mr. STINEBOWER (U.S.A.), Mr. NICOL (New Zealand), Mr. SHACKLE (United Kingdom) took part, the meeting decided to accept by 16 votes in favour to one against the revised formula subject to a reduction of the share of category 6 from 8,000 to 7,000 and to the increases of the individual shares of category E by from 2,000 to 2,200.

The Resolution contained in Annex C of the Report of Working Party 1 on Finance was adopted by sixteen votes in favour and none against.

The meeting rose at 2 p.m.

