

GENERAL AGREEMENT ON TARIFFS AND TRADE

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LIMITED B
GATT/CP.4/SR.3
24 February 1950
ORIGINAL: ENGLISH

CONTRACTING PARTIES
Fourth Session

SUMMARY RECORD OF THE THIRD MEETING

Held at the Palais des Nations, Geneva
on Friday, February 24, 1950 at 2.30 p.m.

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

Subjects discussed:

1. Declaration of the Government of the Netherlands under Article XXVI para.4 (GATT/CP.4/11).
2. Status of the Agreement and Protocols.
3. Australian Subsidy on Ammonium Sulphate (GATT/CP.3/61).
4. Review of Brazilian Internal Taxes (GATT/CP.3/42, paragraph 19).
5. Consideration of the Proposal to give effect to the Provisions of Chapter VI of the Havana Charter (GATT/CP.3/72 & GATT/CP.3/SR.41 pages 2-4).

1. Declaration of the Government of the Netherlands under Article XXVI, para. 4 (GATT/CP.4/11).

Mr. VAN BLANKENSTEIN (Netherlands) recalled that the provisional application of the Agreement with respect to Indonesia was notified to the Secretary General of United Nations on 9 February, 1948. On 27 December, 1949, Her Majesty the Queen of the Netherlands had transferred to the Government of the Republic of the United States of Indonesia, the full sovereignty over the territory of Indonesia, with the exception of New Guinea. The independent and sovereign state, with full autonomy, the United States of Indonesia, was eligible, and prepared to become a contracting party to the Agreement in its own right. The Government of the Netherlands consequently and in accordance with the provisions of Article XXVI, paragraph 4, made a declaration to the effect that the United States of Indonesia, having acquired full autonomy, should be deemed a contracting party.

He welcomed the Republic of the United States of Indonesia as a contracting party, convinced as he was that the Indonesian Government were fully aware of the responsibility falling upon them. The responsibility was heightened by the importance of Indonesia in the trade of the world. On behalf of his government he appealed to the contracting parties for a favourable reception of the new Member.

No objection being raised by contracting parties, the CHAIRMAN declared the United States of Indonesia accepted as a contracting party in their own right by virtue of Article XXVI of the General Agreement on Tariffs and Trade.

In the name of all contracting parties he welcomed the accession of the United States of Indonesia. They were all gratified to have a new member from Asia among them, and he wished to extend a most hearty welcome to the representative of Indonesia whom he asked to take his seat among the representatives of the contracting parties.

Dr. DJUMHANA (Indonesia) said it was a great honour to him to declare that the Republic of the United States of Indonesia was prepared to become a contracting party to the General Agreement. In so doing at the first opportunity after the transfer of sovereignty by the Dutch Government, it was demonstrating its awareness of the necessity, proclaimed by the Agreement, of intensive collaboration between the free nations of the world. As a consequence of that decision, and in accordance with Article 5 of the Agreement of Transition between the Dutch and Indonesian Governments, Indonesia accepted the commitments negotiated by the Government of the Netherlands on their behalf.

He was instructed by his Government to inform the Contracting Parties that they wished to avail themselves of the clauses, touching upon matters of foreign exchange and balance of payments, contained in Articles XII to XV. Reliance was also placed by his Government on Article XVIII of the Agreement for the reconstruction and development of their war-devastated country. He appealed to the Contracting Parties to give favourable consideration to his country's needs. It was not possible at this stage to inform the Contracting Parties of the measures they proposed to take. This would be done as soon as possible, but he wished to assure the Contracting Parties that his Government, in keeping with the letter and the spirit of the Agreement, would avoid resorting to undue restrictions on international trade.

He thanked the Chairman for his words of welcome and assured his country's full collaboration with the Contracting Parties.

Mr. DESAI (India), Mr. WALKER (Australia) and Mr. SUTENS (Belgium) spoke words of welcome to the new contracting party.

Dr. DJUMHANA (Indonesia) expressed his thanks on behalf of his Government.

2. Status of the Agreement and Protocols.

(i) Note by the Executive Secretary (GATT/CP.4/6 & Add.1).

The CHAIRMAN drew attention to the unsatisfactory situation of the Protocols which had been approved by the Contracting Parties at previous meetings and to the particular difficulty of operating the Agreement when Protocols requiring the signature of all contracting parties had not come into force.

U. MYA SEIN (Burma) said that his delegation was expecting to receive information in respect of the signature of the protocols by Burma.

Dr. BOTHA (South Africa) said that his Government had now decided to accept the Special Protocol relating to Article XXIV.

Mr. WARD (Southern Rhodesia) said that his Government was considering the matter of the signature of the Special Protocol relating to Article XXIV, and he hoped soon to be informed of their decision.

Mr. JAYASURIYA (Ceylon) said that, since the document before them had been received by his Government, steps were being taken to sign or accept the outstanding protocols.

Mr. ALFONSO (Chile) said that the protocols not yet signed by Chile would require the modification of certain laws before the signature of Chile could be affixed to them. The matter was under consideration and he hoped would soon be settled.

Mr. WALKER (Australia) said that the new Government in Australia was considering acceptance of the Special Protocol relating to Article XXIV, and Mr. NICOL (New Zealand) said that recent elections in his country had also delayed the taking of a decision in respect of that Protocol.

Mr. RIBEIRO (Brazil) was happy to report that the procedure for the approval by the Brazilian legislature of the protocols still unsigned was well under way. The protocols had been passed by the Chamber and were now in the Senate. The signature would follow the vote in the Senate which he expected would take place in the next few days.

Mr. DESAI (India) regretted he had no information and said he would report on the matter in a few days.

Mr. VAN BLANKENSTEIN (Netherlands) replied to a question from the Chairman that he understood the Protocol Modifying Article XXVI had been accepted by his Government.

Mr. DUHR (Luxemburg) informed the Chairman that the Protocol Modifying Article XXVI had not yet been accepted merely for reasons of procedure; the Minister of Foreign Affairs would take the necessary steps.

The CHAIRMAN suggested that they revert to this item at a later stage when representatives would have received further information from their governments.

The CHAIRMAN then called the attention of the meeting to Document GATT/CP.4/6 Add.1, relating to the Annecy Protocol of Terms of Accession, which required the signature of Acceding Governments and notifications re the application of concessions by the contracting parties not later than 30 April, 1950.

(ii) Proposal by South Africa (GATT/CP/4/5.)

Dr. BOTHA (South Africa), speaking of the proposal contained in document GATT/CP.4/5, said that ^{at} present certain articles of the Agreement embodied different rights and obligations for different contracting parties. The possibility that this state of affairs might be aggravated by the addition of new protocols at the present session made it imperative that steps be taken to achieve a uniform text with uniform application. The present time was most propitious, since a further group of countries would be negotiating for accession to the Agreement, and it would appear logical that all contracting parties should accept the amendments which the acceding countries would be required to accept. Compliance with this principle by present contracting parties would facilitate the accession of other governments.

To prove their earnestness in making the proposal, the South African government were prepared to make their own contribution by signing the Protocol on Article XXIV and by withdrawing their reservation, in respect of Article XXXV, to the South Africa signature to the Protocol Modifying Certain Provisions; withdrawal of this reservation was not, however, to be taken as an abandonment of the principles on which their objections to Article XXXV were based. This step was taken with the consciousness that they were contributing to a closer co-operation between the contracting parties by simplifying their inter-relationship. Further, he asked the contracting parties to note that South Africa's decision to adhere to the Protocol on Article XXIV and to withdraw their reservation in respect of Article XXXV was not made conditional upon the success of their proposal in obtaining the acceptance of all amendments by all contracting parties.

The CHAIRMAN welcomed the constructive proposal made by Dr. Botha, and was particularly gratified that South Africa, while maintaining its objection to the principles underlying Article XXXV, was prepared, for the sake of uniformity, to withdraw the reservation made with respect to that Article.

Mr. SHACKLE (United Kingdom) expressed his satisfaction for the South African decision and gave full support to their proposal.

Mr. COUILLARD (Canada) illustrated the advantages of having a uniform text of the Agreement and deprecated the delays in

signing the Protocols which, he said, were not always due to serious reasons. He was in full agreement with the South African proposal, but suggested that action might be deferred until such time as representatives had been able to state the position of their Governments.

Mr. GRADY (United States) supported the South African proposal.

THE CHAIRMAN, finding general agreement to act on the proposal, suggested, with the concurrence of Dr. BOTHA, that the step take the form of a resolution of the Contracting Parties. A draft resolution would be prepared by the Secretariat and would be taken up at a later stage when replies had been received from Governments.

Mr. WALKER (Australia) said that he was prepared, in principle, to consider a resolution.

3. Australian Subsidy on Ammonium Sulphate (GATT/CP.3/61)

Mr. WALKER (Australia) said he was instructed to request that this question be taken later in the Session. Discussions between the representatives of the Chilean and Australian Governments were in progress, and if their outcome were successful the question would be settled without the intervention of the Contracting Parties. He suggested, tentatively, 8 March as a possible date on which precise information might be laid before the contracting parties.

Mr. RIBEIRO (Chile) supported Mr. Walker's proposal.

It was agreed to postpone consideration of this item.

4. Review of Brazilian Internal Taxes (GATT/CP.3/42, paragraph 19).

The request by Mr. RIBEIRO (Brazil) for a postponement of the discussion, pending receipt of information from his Government, was accepted.

5. Consideration of the Proposal to give effect to the Provisions of Chapter VI of the Havana Charter (GATT/CP.3/72 and GATT/CP.3/SR. 41 pages 2 - 4).

The CHAIRMAN recalled that final consideration of the proposals of the United Kingdom Government had been deferred from the Third to the Fourth Session.

Mr. CASDAGLI (United Kingdom) proposed that Chapter VI of the Havana Charter be brought into force independently of any action which might be taken with respect to the Charter as a whole. Chapter VI was capable of independent application and its enforcement would eliminate the confusion which arose out of the present uncertainty.

Mr. EVANS (United States) said that the reasons which had induced the United States Delegation to oppose the proposal at the Third Session were still valid. It was felt that the advanced application of Chapter VI would prejudice the chance of ratification of the Havana Charter. Moreover, whatever assumptions were made as to the date when the Havana Charter was likely to come into force, he did not see the necessity for action in this field. A number of Study Groups, Councils, and commodity agreements were at present in existence; the Tin Study Group had taken steps for the establishment of a Tin Agreement which it was proposed to keep within the terms of the Charter. He had heard of no proposal for a commodity agreement in which the majority of countries was not in favour of adhering to the principles of Chapter VI, and he found it difficult therefore to see what could be gained if the proposal were put into effect, and he hoped the United Kingdom Delegation would not press its recommendation.

Mr. OFTEDAL (Norway) expressed his agreement with the statement made by the representative of the United States of America. Whilst agreeing with the representative of the United Kingdom, that certain advantages would accrue from the application of Chapter VI, the procedure for putting it into force would confront his Government with constitutional difficulties which could not easily be overcome.

Mr. CASDAGLI (United Kingdom) thought there had been one development since the Third Session which made the application of Chapter VI more desirable. The Conference of the Food and Agriculture Organisation had expressed concern over the situation arising out of the absence of binding principles to govern such agreements. The failure to apply Chapter VI was therefore felt as a considerable hindrance. Although he agreed with Mr. EVANS that certain councils were at present at work on commodity agreements, he felt that the need of a set of binding

rules was all the greater.

The CHAIRMAN called for speakers in favour of the proposal, and, no support being forthcoming, Mr. CASDAGLI (United Kingdom) declared he would not press the question.

The meeting adjourned at 5 p.m.

