

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
LIMITED B
GATT/CP.4/SR/4
25 February 1950
ORIGINAL: ENGLISH

SUMMARY RECORD OF THE FOURTH MEETING

Held at the Palais des Nations, Geneva,
on Saturday, 25 February, 1950, at 10-30 a.m.

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

- Subjects discussed:
1. Report on exceptions to the Rule of Non-Discrimination - Article XIV, 1 (g).
 2. Budget Report for 1949-1950.
 3. Distribution of documents.
 4. Derestriction of documents.
 5. Requests of the Director-General of UNESCO

1. Report On Exceptions to the Rule of Non-Discrimination - Article XIV, 1 (g). (GATT/CP/39 and SECRET/CP/3 - 7).

The CHAIRMAN referring to Article XIV, paragraph 1 (g), which provides that the Contracting Parties shall report not later than 1 March, 1950, on any action still being taken by contracting parties under provision of the Article, proposed that the required report should be submitted and approved not later than closing date of the Session. The variation from the strict provisions of the Agreement was necessary because some time would be needed for studying the information assembled in the draft prepared by the Secretariat and for editing the report.

The EXECUTIVE SECRETARY, on the invitation of the CHAIRMAN, explained the draft report circulated under symbol SECRET/CP/3, and the circumstances in which it was prepared. The Secretariat had issued a questionnaire on 7 October, 1949, to the contracting parties and the governments which participated in the negotiations at Annecy. The questionnaire was sent to the latter governments because, at the time of issue, there was a possibility that all these governments would have become contracting parties by the time when the report was examined, or very soon thereafter. It seemed therefore advisable to obtain information relating to acceding governments in advance. Furthermore, it was believed that the value of a report on discrimination would be enhanced

by broadening the scope to cover all countries engaged in the negotiations. Since the report covered several acceding governments, it seemed appropriate to circulate it to them as well as to contracting parties although normally the distribution of secret documents was restricted to contracting parties. The EXECUTIVE SECRETARY requested an ex post facto approval by the Contracting Parties of the procedure adopted.

With regard to the form of the report, he explained that the draft circulated contained an annex describing the import restrictions of individual countries in the form of summaries of the answers to questions 2 and 3 of the Questionnaire. The full text of the answers to questions 4 and 5 were issued separately (SECRET/CP/4, 5 and 5/Add.1). The United Kingdom Government had supplied several copies of their replies and these had been distributed in SECRET/CP/6. Texts of the answers to questions 2 and 3 were available at the Secretariat office for consultation.

The EXECUTIVE SECRETARY took the opportunity to thank the International Monetary Fund for its valuable help in the preparation of the draft report, and referred also to the extended co-operation with that agency which ensued from his and the Deputy Executive Secretary's visit to Washington. The Fund had also sent a member of its Operations Department to Geneva before the opening of the Session with a view to co-ordinating the tasks of the two organizations in the drafting of their respective reports relating to the restriction on imports and exchange restrictions.

Referring to document SECRET/CP/7 the EXECUTIVE SECRETARY pointed out that this report had not been called for by the Contracting Parties but had been prepared on the initiative of the Secretariat. The Secretariat while preparing the report under Article XIV had had opportunity to examine information relevant to the operation of Article XII, and it was felt that the report would be useful to the Contracting Parties in their consideration of the Article XIV report and also for such general view of the present position as the Contracting Parties might undertake at the present Session.

Mr. HOLMES (United Kingdom) proposed that the Contracting Parties take note of the explanations given by the Executive Secretary. He requested that copies of the answers to the

Questionnaire supplied by his delegation be circulated only to the existing contracting parties. His delegation would not be able to discuss the contents of the draft presented by the Secretariat, in detail, until they had had an opportunity to study it more closely.

In reply to a question of Mr. SUETENS (Belgium), the CHAIRMAN said that representatives should at this stage limit their discussion to the statement made by the EXECUTIVE SECRETARY, and not discuss the substance of the reports.

Mr. SUETENS said that his Delegation had noticed in its preliminary examination of the reports that the discussion of consequences of discrimination was confined to countries applying discrimination. In his opinion, the reports to be complete, should also refer to the effect of discrimination on other countries which might or might not be applying discrimination themselves. For example, Belgium was a country which was not applying discriminatory restrictions, but which suffered from discriminatory policies of other countries.

In reply the CHAIRMAN drew attention to the fifth question of the questionnaire, which asked contracting parties to describe the effects which they believed discriminatory import restrictions imposed either by them or by other countries had upon volume and pattern of their export trade. As the reports were based on the answers received, the lack of reference in the reports to such facts, probably meant that a reply had not been received to the question.

Mr. SUETENS (Belgium) stated that his Government had not yet replied to this question because they had expected to find some alleviation to the effect of discrimination in the course of negotiations with other countries concerned. However, his delegation would supply information on that point and he hoped it could be issued as a supplement to the present report.

Mr. SCHEMITT (New Zealand) said that although he felt the report was satisfactory as a whole, a cursory first reading of the summaries had revealed one or two points relating to the position of New Zealand which had a slightly different implication from the complete contents of their replies. He would, therefore, request the EXECUTIVE SECRETARY to make arrangements for distributing copies of the full text of the replies.

The CHAIRMAN replied that full texts of the replies would be circulated. He also emphasized that this item, the most important one of the Session, should be taken up as early as possible. It was hoped that a Working Party could start soon after 6 March when the financial experts of certain delegations would have arrived.

In conclusion the CHAIRMAN proposed that the Contracting Parties take note of the statement made by the EXECUTIVE SECRETARY and that the Secretariat be authorized to circulate the secret documents in question to all contracting parties and acceding governments with the exception of SECRET/CP/6 which would be supplied to the existing contracting parties only

2. Budget Report for 1949-1950 (GATT/CP.4/3).

At the invitation of the CHAIRMAN, the DEPUTY EXECUTIVE SECRETARY introduced the report which attempted to give as clear an account as possible of the expenditure in 1948/49, of the cash position at the present and of the prospect for 1950.

The expenditure for 1949 had reached figures slightly in excess of the estimates and the deficit would have to be met out of the 1950 contributions. The calculations made in the Report were based on the assumption that all contracting parties, and Ancecy participating governments, paid their contributions for 1949. If all the amount due for that year were not received by the Secretariat the deficit would naturally be greater. It is recommended that all outstanding contributions be paid before 15th March 1950. The absence of a cash reserve would have caused inconvenient crises if the ICITO had not been able to advance funds to the Contracting Parties in 1949 and the first quarter of 1950. After April 1st the cash reserve of the ICITO will practically be exhausted and the operations of the Secretariat would be severely hampered if a substantial part of the 1950 contributions was not received before or soon after 1st of April 1950. It is therefore recommended that the contracting parties should pay their contributions or a substantial part before or soon after that date, and that ^{Ancecy} acceding governments should secure the necessary authority to send in their contributions as soon as they become contracting parties.

As regards the expenditure for 1950 adjustments might need to be made in the estimates approved at the last session to make provision for a longer duration of the September tariff negotiations, The holding of a Fifth Session in 1950 and the increased charge for U.N. services. Part of this additional expenditure could be met by savings on certain items and drawings on the provision for unforeseen expenditure. As regards the balance, it is suggested that the new acceding governments be asked to contribute to the expenditure of the tariff negotiations and preparations thereof in the same way as the Ancecy acceding governments contributed to the expenses of last year's negotiations. An addition source of income would be the contribution that Indonesia would probably be asked to pay in 1950

Mr. RODRIGUEZ (Chile) referring to Annex 4 of the Report informed the meeting that the contribution due from his Government would be paid within a few days.

Mr. DJUMHANA (Indonesia) said that his Government was prepared to contribute to the Budget for 1950 according to established rules of the Contracting Parties. He would discuss the matter with the Secretariat directly, and would inform the Contracting Parties later.

Mr. BOCKSTAL (Netherlands) drew attention to the fact that the scale of contributions for 1950 had not been definitely approved at Annecy. It had been agreed then that the matter might be further discussed during this Session.

The CHAIRMAN replied that although the question had been left over at Annecy owing to the press of time with the possibility of reopening the discussion at this Session, it would be preferable not to if no great disadvantage were found in the existing scale of contributions. He therefore inquired whether the Czechoslovak representative, who had prepared a new text at Annecy, wished to reopen the discussion at this Session.

Dr. BENES (Czechoslovakia) said that his delegation had no intention to press discussion at this Session, but would reserve its right to reopen the question in regard to the Budget for the next year.

The CHAIRMAN thanked the Czechoslovak representative, and said that the question could be reconsidered when the Budget for 1951 was discussed at a later Session.

Mr. HOLMES (United Kingdom) stated it would not be possible for his Government to pay its 1950 contribution before April 1st owing to the late commencement of the fiscal year, but this would be paid shortly after that date.

The CHAIRMAN proposed that the report be formally adopted with the reservation that delegations might revert to the questions before the end of the Session. The contribution of Indonesia could be discussed by the Contracting Parties at a later meeting.

The representatives of Turkey, Italy and the German Federal Republic, whilst foreseeing no difficulty in meeting the contributions fixed, wished to reserve the positions of their respective governments for the present time.

The report was approved with the understanding that the question of the Budget for 1950 might be reverted to before the closing of the Fourth Session.

3. Distribution of Documents. (GATT/CP.4/8).

The EXECUTIVE SECRETARY introduced the Secretariat Note on the subject and outlined its contents. He explained that the purpose of the proposal was to formulate a consistent policy and also to achieve economy.

Mr. GRADY (United States) referring to the first paragraph on page 2 suggested that the United Nations and its specialized agencies should be included in the suggested distribution.

The EXECUTIVE SECRETARY stated that, the distribution to interested organisations had been omitted due to an oversight. All documents were regularly supplied to the United Nations and the International Monetary Fund. Other agencies were supplied on a selective basis.

Mr. KEMP (Canada) said that appropriate arrangements would be made in order to arrange for the transmission of documents to Canada through a European address.

The proposals contained in the document, GATT/CP.4/8 were approved with the additions referred to above.

4. De-restriction of Documents. (GATT/CP.4/4).

Mr. GRADY (United States) presented the proposal on behalf of his Delegation. The proposal was unanimously approved.

5. Requests of the Director-General of UNESCO.

Mr. LECUYER (France) expressed the opinion that the Contracting Parties were committed by the agreement reached at the preceding session to consider the impact of high tariffs on the free flow of educational, scientific and cultural material. The Contracting Parties had, therefore, undertaken to deal with such material at the next round of tariff negotiations. Referring to a letter sent by the Director-General of the UNESCO to the representatives to the Session, he proposed that representatives should make close contact with the delegates of their respective countries to the UNESCO Conference to be held shortly in Geneva.

Mr. HOLMES (United Kingdom) thought that the French representative appeared to have unduly emphasized the obligation of the contracting parties. Great doubt was entertained by various delegations at Annecy regarding the

suitability of using tariff reductions as a means for fostering the free flow of such material. The Contracting Parties at Annecy had only agreed to give sympathetic consideration to proposals for the furthering of the objectives of the UNESCO. Whilst it could be assumed that most countries would give assistance to these objectives, it was doubtful whether it would be possible to deal specially with such material at the tariff negotiations.

Mr. KEMP (Canada) agreed with the representative of the United Kingdom that the so-called unanimous agreement reached at Annecy mentioned by the representative of France was merely an understanding among the representatives acting in an unofficial capacity, as experts rather than governmental representatives. There was no official decision taken by the Contracting Parties. Moreover, the subject was complicated since it related not only to the question of customs tariffs, but to balance-of-payments restrictions, copyrights, cartels and even censorship laws which were outside the scope of the General Agreement. Most delegations did not have experts in all these fields, and it would be fitting that the matter should be dealt with by the UNESCO which had not only a wider scope of activities, but also a broader membership.

Mr. NICOL (New Zealand) also argued that the drawing up of the draft agreement at Annecy did not involve any commitments on the part of the contracting parties. If the draft were approved at the UNESCO Conference the question would not be raised again at meetings of the Contracting Parties. If not, the attention of the Contracting Parties could then be drawn to conclusions reached at Annecy, that is, educational and scientific material could be considered during tariff negotiations, under normal procedures. He would therefore propose waiting for the outcome of the UNESCO Conference.

Mr. CASSIERS (Belgium) shared the views of the representative of France. Although representatives at Annecy were not acting in an official capacity, nevertheless, there was a unanimous opinion on the question. The contracting parties had, in his view, a moral obligation to foster the conclusion of such an agreement, even if formal approval should be reached at the UNESCO Conference.

In view of the very special nature of educational and scientific material it might not always be practicable to treat it on the same basis as other commodities figuring in ordinary tariff negotiations. The best course to follow seemed to be for individual representatives to recommend to their colleagues at the UNESCO Conference that they support the agreement, and to advise them that the Annecy draft resulted from a compromise between varying views and was the best possible solution.

Mr. LECUYER (France), in reply to the representative of the United Kingdom, said that although it was true that no formal commitment had been made by the contracting parties, a promise had, however, been given by each individual contracting party to examine the draft and to promote its adoption. As for the remarks made by the representative of New Zealand, he felt that even though the UNESCO Conference adopted the agreement, the contracting parties could still do much to facilitate its implementation by dealing with such material in their negotiations.

Mr. WALKER (Australia) said that from the UNESCO point of view reliance on the Contracting Parties seemed to be appropriate because of the fear of duplications of work, and the discussions which took place at Annecy were much appreciated by that agency. Although the question was certainly complicated, the effort made at Annecy had undoubtedly been helpful to the UNESCO. He would propose that the question be retained on the Agenda and suggested that representatives to the contracting parties should report favourably on this solution to their colleagues at the UNESCO Conference.

The CHAIRMAN concluded that there was nothing to be added to the letter of last September from the Chairman of the Contracting Parties to the Director-General of the UNESCO, but that the matter should be retained on the Agenda in case further discussion were called for as a result of events at the UNESCO meeting.

This was agreed and the Meeting adjourned at 1 p.m.

