

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
LIMITED B
GATT/CP.4/SR.5
27 February 1950
ORIGINAL: ENGLISH

CONTRACTING PARTIES

Fourth Session

SUMMARY RECORD OF THE FIFTH MEETING

Held at the Palais des
Nations, Geneva, on
Monday, 27 February, 1950
at 10.30 a.m.

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

Subject Discussed:

1. Final Adoption of the Agenda.

It was decided to discuss Items 13, 14 and 15 together. A decision for each would, however, have to be taken separately.

Mr. WALKER (Australia) said that he would not oppose the inclusion of Item 13, but questioned whether it was necessary. He opposed the inclusion of Items 14 and 15. With regard to the ground that would be covered by Item 14, Article XII: 4(b) of the Agreement already provided for such a review of restrictions by 1 January, 1951. He would not, of course, oppose consideration by the Contracting Parties as to how to carry out this review. But if the United States proposal was designed to bring about an exploration of the problem of the extent to which protective considerations were behind quantitative restrictions undertaken ostensibly for other reasons, then the scope of the General Agreement would be considerably extended and this seemed premature. With regard to Item 15, there was no provision in the Agreement covering such review, and, again on the grounds of broadening the scope of the Agreement, he would object to its inclusion. The Agreement provides only that a country can make a complaint if it has a specific grievance.

Mr. GRADY (United States of America) referred to the note by the Executive Secretary on the "Provisions of the Agreement which contemplate the submission of information to the Contracting Parties" (GATT/CP.4/16) and said that this showed

that the only provision in the Agreement requiring regular reporting was Annex J, but his Delegation would be willing to include other provisions for reporting under Item 13, and he mentioned particularly provisions relating to export subsidies. Items 14 and 15 were not put forward in any spirit of accusation but because the United States' Delegation felt that they were fundamental to problems of the General Agreement and would have to be faced sooner or later. He did not think that discussion on these problems could be regarded as inappropriate and as to whether they would be premature, he felt that it was important to investigate such fundamental questions as soon as possible.

Mr. SCHMITT (New Zealand) thought that Items 14 and 15, if adopted in their present form, would represent an implicit accusation by the Contracting Parties against one or more individual contracting parties, that they had not applied for or obtained approval under Article XVIII; that not all protective quantitative restrictions had been brought to the notice of the Contracting Parties. He felt that unless some specific facts were brought forward, such an implication would be unfortunate. He called attention to paragraph 3 (b) (ii) of Article XII, which refers to the incidence of restrictions on "classes of products"; a Contracting Party having a complaint regarding the incidence of restrictions on a particular product would take it up in the first instance bilaterally.

Furthermore, there was a practical difficulty in accepting these items since they called for the collection of a great amount of detailed information and facts prior to any discussion. He could not agree with the United States' delegate that examination of such restrictions would, in fact, be an examination of fundamental causes of the general disequilibrium, since the restrictions were rather a manifestation than a cause. Consequently, he opposed the inclusion of Items 14 and 15, but agreed with the delegate of Australia that some preliminary work might be done in connection with the review provided for under Article XII (4) (b)

Mr. GRADY (United States of America) repeated that his Delegation had no accusatory intentions in asking for Item 14 to be placed on the Agenda. He agreed that the review proposed was covered to a certain extent by the report provided for under Article XII (4) (b), but he nevertheless felt it

unwise to delay investigation for a year. His Delegation was simply proposing that the Item be placed on the agenda, and he requested that the discussion now be confined to that question rather than to issues of substance.

Mr. PHILIP (France) stated he did not interpret the proposal so pessimistically as earlier speakers. He felt that it was an effort to achieve a clear view of the situation and, as it was two years since the General Agreement had been drawn up, it appeared quite normal to review some of its provisions in the light of a changed situation. It might not be possible to have all the facts and documents at this session but it would be helpful to have a preliminary discussion.

Mr. DI NOLA (Italy) also supported the United States' proposal and agreed with the French delegate. He felt that the review suggested in Items 14 and 15 would complete the main task of the Session, which was to investigate the current situation with regard to import restrictions. The difficulty of differentiating between quantitative restrictions imposed for balance of payment reasons and those imposed as protective measures should not be allowed to stand in the way of such an investigation. Furthermore, the distinctions made in the imposition of such restrictions between essential and non-essential goods were generally quite arbitrary and very harmful. He also wished to raise the problem of double pricing. The situation in this regard had improved since the ECE published a report on it in 1949, but it was still a serious obstacle to international trade and certainly contrary to the principles of freedom of international trade. He felt that it was closely connected with the problems raised by the United States, and hoped that it would be examined together with them.

Mr. GRADY (United States of America) suggested that the following wording of Item 14 might meet some of the objections raised: "the Problem of the Protective incidence of Quantitative Restrictions on Imports Imposed as Balance-of-Payments Measures".

Mr. HOLMES (United Kingdom) felt that the discussion so far on these items was sufficient warning of the danger of overburdening the agenda with items for which there had been insufficient preparation on the part of Delegations.

Mr. GRADY'S revised wording was an improvement but he never-

theless felt that the review provided for under Article XII (4) (b) was the right place and time for such a detailed examination. Furthermore, this time was only ten months distant. Since it was becoming apparent that another meeting of the Contracting Parties was necessary within a year, these questions might better be raised then. With regard to Item 13, he had no strong objections, but felt that the third paragraph of the United States' document (GATT/CP.4/15), indicated that opportunities could be found at this Session to discuss this, and suggested that it be referred immediately to the balance-of-payment Working Party. As to Item 15, the Australian Delegate had brought out the fact that this could not be considered on quite the same basis since there was no provision for such a review in the General Agreement. Specific cases would be covered by the complaint procedure. He felt that long and inconclusive discussions should be avoided at all costs and only considerable advance preparations on the part of Delegations could avoid such an outcome.

Mr. COUILLARD (Canada) referring to Item 13 requested that the wording be changed as proposed at the first meeting. He agreed to the United States' wording for Item 14, and the retention of Item 15 as it stood. Referring to the report provided for under Article XII (4)(b), he felt it important to begin these discussions as contemplated by the United States proposals, and furthermore, considered that the Contracting Parties had had sufficient notice.

Mr. SUETENS (Belgium) was also in favour of the inclusion of these items in the agenda. Quantitative restrictions were one of the most dangerous weapons in the field of commercial relations and capable of the worst results. It seemed to him that the Contracting Parties could not refuse to discuss such matters when brought to their attention even if the specific field of investigation was not provided for under the Agreement and even though there was a prospect of a long debate.

Mr. SCHMITT (New Zealand) said that he had not meant to imply an accusation on the part of United States. He felt that the discussion showed a wide range of opinions as to the nature, type and timing of any investigation on quantitative restrictions. Therefore, he wished to propose that Items 14 and 15 be deleted and replaced by a single item reading as follows:

"Arrangement for a Review of Quantitative Restrictions." That would leave the question of timing and general coverage to the Contracting Parties for decision when the item came up for discussion, including whether import or export restrictions or both were to be covered and whether related to protective incidence in general or protective incidence for products in short supply.

Mr. JAYASURIYA (Ceylon) supported the United Kingdom proposal that item 13 be sent to the balance-of-payments Working Party. With regard to item 14, the report provided for under Article XII (4) (b) was adequate. As to item 15, he thought that the Contracting Parties should not assume any obligation for the disclosure of information of any powers of investigation other than those included in the General Agreement. He would however agree to the proposal of the Delegate of New Zealand, on the understanding that any such review should not go beyond what was already provided for in the Agreement; otherwise he would have to reserve the position of his Government.

Mr. HASNIE (Pakistan) supported the United Kingdom view and thought that it would be wise to postpone the proposed investigation for the present time. It was necessary to get the views of governments on this question and it might emerge that there were reasons other than balance-of-payments or protective reasons involved in the application of quantitative restrictions. Consequently careful consideration was necessary. In regard to item 15, he agreed with the Delegate of Ceylon. Nevertheless, he would have no objection to giving any explanations required provided that sufficient time were allowed to provide a complete picture.

Mr. OFTEDAL (Norway) said that he had no objection to the inclusion of item 13, although he was doubtful about the addition suggested by the Canadian Delegate, since governments already had many inquiries to answer from various international organizations and he was reluctant to add to their number. With regard to items 14 and 15, he was not in principle against their inclusion but felt that today's discussions showed that the effect would be unfortunate and consequently supported the United Kingdom point of view.

Mr. EVANS (United States) wished to clarify some misunderstanding. Firstly, he would agree to the United Kingdom pro-

posal that item 13 go to the balance-of-payments Working Party. As to items 14 and 15, the United States did not intend to have this session go into the details of the quantitative restrictions applied, nor to substitute this investigation for the review provided for under Article XIII (4) (b). Although it was quite correct to say that obligations of the Agreement could be enforced by the complaints procedure, his Delegation had considered that the use of that method of enforcement could be reduced if there were a frank discussion among contracting parties of the problems facing them and that it would be helpful for Delegates to exchange their specialized knowledge and information to serve as a guide in a more detailed review to take place at a later date. The point made by the Delegate for Ceylon regarding item 15 was quite correct, but he did not agree that it would be improper for the Contracting Parties to discuss something of interest to them all even though not specifically provided for under the Agreement. In any case, he felt that the problem was covered by Article XXV. He hoped that the delegations would accept these items in the spirit in which they had been proposed, and agree to a general discussion on the questions and action that might be taken in the future.

Mr. WALKER (Australia) was opposed to undertaking discussions not provided for in the Agreement. With regard to item 14, it was clear to everyone that conditions of general disequilibrium existed and probably the report to be drawn up in accordance with Article XII (4) (b) would emphasize the need for a general review of this situation. It seemed to him, however, that if investigation along the lines suggested by the United States were now undertaken, it would result in altering the emphasis of the General Agreement. He would prefer to regard item 14 as back-ground material to be taken into account in preparation for the 1951 review. He opposed inclusion of item 15.

Mr. HOLMES (United Kingdom) suggested that item 13 be removed on the understanding which had been accepted by the United States, that it should go to the balance-of-payments Working Party; and that items 14 and 15 be placed on the Agenda in the form of a single item with the following wording: "The Question of the Desirability of and, if so, Arrangements for, a Review of Quantitative Restrictions on (1) Imports and (2) Exports".

The CHAIRMAN said that discussion on this proposal and on the general question would be continued at the next meeting.

The meeting adjourned at 1 p.m.