

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED  
LIMITED B

GATT/CP.4/SR.13  
6 March 1950

ORIGINAL: ENGLISH

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CONTRACTING PARTIES

Fourth Session

SUMMARY RECORD OF THE THIRTEENTH MEETING

Held at the Palais des Nations, Geneva,  
on Monday, 6 March, 1950, at 2.30 p.m.

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

- Subjects discussed:
1. Report on Exceptions to the Rule of Non-discrimination - Article XIV: 1(g).
  2. Arrangements for Regular Reporting in accordance with paragraph 2 of Annex J.
  3. Intensification of Import Restrictions under Article XII.

1. Report on Exceptions to the Rule of Non-Discrimination - Article XIV: 1(g) (GATT/CP/39 and SECRET/CP/3 to 8)

The CHAIRMAN referred to the documents before them containing the replies to the questionnaire, the draft report (SECRET/CP/3) prepared by the Secretariat and the Note by the Executive Secretary (SECRET/CP/7) on the application of import restrictions to safeguard balances of payments.

Mr. SCHMITT (New Zealand) thought the matter required discussion by a small body which should concern itself with the examination of the replies and the clarification of any points that remained obscure.

Mr. SHACKLE (United Kingdom) agreed with the representative of New Zealand and thought that a broad, general and factual report should be drawn up on the basis of the Secretariat's draft.

Mr. VERNON (United States) wished to commend the Secretariat for the quality of the draft report and expressed the hope that further information would be gathered directly from the representatives present so as to obtain a sense of the quality of quantitative restrictions which did not emerge from the replies to the questionnaire. It was too early to decide whether the Secretariat draft should be adopted as a basis for the report, or whether a report could in fact be completed at this Session, and he asked for a certain latitude in the terms

of reference which would be given to the Working Party.

Mr. LECUYER (France) agreed with previous speakers that an excellent draft report had been submitted to them by the Secretariat, but the draft contained no conclusions, and he suggested that the Working Party should be given the task of drawing up a preliminary report with provisional conclusions for examination by the Contracting Parties which could decide whether to accept it, modify it, or defer completion to a later session.

Mr. ISBISTER (Canada) agreed with the procedure suggested by the representative of New Zealand, but felt that the Working Party should be left some latitude in carrying out its task.

Mr. WALKER (Australia) agreed with the representative of Canada and favoured a generalised approach in the drafting of the report for which a very useful basis was supplied in the draft before them. He thought the Secretariat deserved praise both for the draft report and for the Note on the application of import restrictions to safeguard the balance of payments.

The CHAIRMAN asked that guidance be given to the Working Party as to the inclusion of the Annecy acceding governments within the scope of the report. In reply to a question he said that of the latter, Denmark, Finland, Greece, Italy and Sweden had submitted statements in response to the questionnaire.

Mr. SHACKLE (United Kingdom) considered it reasonable to include in their examination those acceding governments which had replied to the questionnaire.

The CHAIRMAN found representatives were generally agreed that the terms of reference of the Working Party should be broad and flexible. More specific terms of reference could be requested at a later stage if thought necessary by the Working Party. It was also understood that any contracting party or acceding government which had submitted replies to the questionnaire might be asked to supply further information.

After a discussion in which the CHAIRMAN, Mr. VERNON (United States) and Mr. WALKER (Australia) took part, concerning the instructions to be given to the Working Party in the event that lack of time might prevent the completion of a report, the following terms of reference were approved:

To examine the documentation which has been, or may be, submitted on the discriminatory application of import restrictions under the transitional arrangements of Article XIV and Annex J, and to prepare a draft report to be adopted by the Contracting Parties in accordance with the provisions of paragraph 1(g) of Article XIV.

The Contracting Parties then agreed to set up a Working Party on balance-of-payments questions under the chairmanship of Mr. J. DEUTSCH (Canada), composed as follows: Australia, Belgium, Chile, France, Netherlands, New Zealand, Norway, South Africa, United Kingdom and the United States.

2. Arrangements for Regular Reporting in accordance with paragraph 2 of Annex J. (GATT/CP.4/15)

The CHAIRMAN recalled that the part of item 13 of the Agenda dealing with reporting in accordance with Article XVI had been previously dealt with.

The Contracting Parties approved the proposal of Mr. VERNON (United States) to refer this item to the Working Party on Balance of Payments Questions, previously set up, with the following additional terms of reference:

To recommend arrangements for contracting parties taking action under paragraph 1 of Annex J to keep the Contracting Parties regularly informed regarding such action.

3. Intensification of Import Restrictions under Article XII (GATT/CP.3/68, GATT/CP.4/10 and GATT/CP.4/22.)

The CHAIRMAN recalled that the United Kingdom had informed the Contracting Parties at Annecy of their intention to intensify their import restrictions but that they had not been in a position at the time to provide details. The Contracting Parties had subsequently agreed to hold the consultation during the Fourth Session.

Mr. SHACKLE (United Kingdom) gave a summary of the statement submitted by the United Kingdom Delegation in document GATT/CP.4/22.

Mr. CASSIERS (Belgium) drew attention to the fact that the United Kingdom statement made no mention of the Belgian franc area, which, he thought, should also be the subject of discussion. There had been in recent months, as a consequence of various governmental measures and of the devaluation of the pound sterling, a reversal of the trend of payments between the United Kingdom and Belgium. Imports from the United Kingdom were flowing into Belgium whereas Belgian exports to the United Kingdom had been considerably reduced. The situation having so much improved for the United Kingdom, he considered that it would be appropriate for the United Kingdom to cease discrimination against the area of the Belgian franc.

Mr. SHACKLE replied that the United Kingdom's programme of

imports from Belgium was determined by their bilateral trade agreement until June of the present year. Their policy at that time would depend to a considerable extent on the discussions which were to be held in the O.E.E.C. on European payments arrangements.

Mr. CASSIERS, pointing out that the United Kingdom measures had been as damaging to Belgium as to dollar-area countries, said the Belgian franc could not be regarded as a scarce currency as far as the United Kingdom balance of payments was concerned. The United Kingdom was actually earning Belgian francs and would consequently not risk any loss of gold to Belgium. This being the case he felt he could ask for a withdrawal of the measures which discriminated against Belgium. The provisions of the Agreement could not be waived by the existence of a bilateral agreement, nor could a contracting party impose upon another contracting party bilateral discussions as a forum for the settlement of differences arising out of discrimination, and deny it access to the procedure for consultation with the Contracting Parties. He would be very surprised if the United Kingdom Delegation were to say they did not agree to the discussion of this problem.

Mr. SHACKLE repeated that, their trade relations having been agreed upon till June, he saw no need to revise the trade programmes. It was not possible to foretell what the situation would be next June, nor how it would be affected by discussions in the O.E.E.C. The discussion of their programme was appropriate with respect to the dollar-area, with which they had no trade agreement.

Mr. CASSIERS thought it might be possible to leave the question open at this point and suggested informal talks with the representative of the United Kingdom. He could not see how a bilateral agreement could be invoked in a discussion concerned with the intensification of restrictions. He felt the United Kingdom could be asked to discuss the question on the strength of the provisions of Articles XII, XIII and XIV, and regretted that the information promised in Annecy was not forthcoming. What would be the plans of the United Kingdom upon expiration of the trade agreement on the 1st of July? If discussions in the O.E.E.C. resulted in a European payments plan the situation would be simple, but if it were not so, then he felt this was the appropriate moment for discussing the attitude of the United Kingdom. He could see no reason why Belgium should not benefit

from at least a part of the United Kingdom Open General Licence system, and repeated that he did not feel he could give up his right to discuss the matter.

Mr. SHACKLE expressed his readiness to discuss the matter with the representative of Belgium, but pointed out that in the United Kingdom's trade with Belgium there remained a danger for the United Kingdom of losing gold. Their experience of the past made it necessary for them to be cautious. It was not a matter in which they could give pledges, and they could only adjust their trade agreements from time to time to the existing situation.

Mr. CASSIERS thanked the representative of the United Kingdom, and agreed it would be best to leave the matter open pending discussions between them.

Mr. VERNON (United States) asked whether the question before them was that of examining only the intensification of United Kingdom import restrictions.

The CHAIRMAN replied that reference had been made to the appropriateness of examining any intensification in the system of restrictions of other countries. He thought it would be desirable to refer this determination to the Working Party on balance of payments questions which would be obtaining relevant information in connection with the preparation of its report under Article XIV: 1 (g).

Mr. VERNON appreciated the economy of such a procedure, but feared that the Working Party might find itself in the ambiguous position of not always knowing whether it was obtaining information relative to the one or the other of the two subjects. He suggested that the Working Party might be asked to determine, in the light of available facts, which countries had intensified their restrictions and should therefore consult with the Contracting Parties. He believed that there had been an intensification of import restrictions not only by the United Kingdom; this opinion was based not on the statistical effect of the steps taken, but rather on the measure of the changes in a country's system of restrictions.

The CHAIRMAN replied that it was not envisaged that the Working Party set up to deal with balance-of-payments questions should consider together matters arising out of Articles XIV and XII, but that

the information obtained in connection with Article XIV: 1 (g) would materially assist the Working Party in examining restrictions under Article XII.

Mr. WALKER (Australia) said he had no objection to the proposal of the representative of the United States. With regard to Australia he recalled that in their reply to the questionnaire they had indicated that certain discriminatory measures which had been taken were thought to be permitted under Article XIV: 1 (b) and (c). He agreed that the Working Party should consider whether there had been an intensification of restrictions, and he was prepared to give any supplementary information that might be required.

Mr. SCHMITT (New Zealand) thought the Working Party should be instructed either to report to the Contracting Parties so that the latter might invite countries which had intensified their restrictions to enter into consultations with the Contracting Parties, and he proposed to include in the terms of reference such words as those contained in the Chairman's airgram "as to whether or in which countries substantial intensification has occurred."

Mr. VERNON agreed with the representative of New Zealand and wished to add that, so far as the United States was concerned, an invitation to consult under Article XII did not imply any violation of the terms of the Agreement.

The Contracting Parties agreed to refer this item to the Working Party on Balance-of-Payments Questions with the following terms of reference:

To determine which contracting parties are substantially intensifying import restrictions and should therefore be invited to consult with the Contracting Parties in accordance with Article XII: 4 (b), and to report thereon to the Contracting Parties.

In a second stage the Contracting Parties would formulate new terms of reference.

The meeting adjourned at 6.40 p.m.