

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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GATT/CP.4/SR.16
18 March 1950
ORIGINAL: ENGLISH

CONTRACTING PARTIES
Fourth Session

SUMMARY RECORD OF THE SIXTEENTH MEETING

Held at the Palais des Nations, Geneva,
on Saturday 18 March, 1950, at 10.30 a.m.

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

Subject discussed: Report of Working Party "B" on the
Revalidation of the Geneva and Annecy
Schedules (GATT/CP.4/25).

Report of Working Party "B" on the Revalidation of the
Geneva and Annecy Schedules (GATT/CP.4/25).

Mr. VAN BLANKENSTEIN (Netherlands), Chairman of the
Working Party, presented the report,

Mr. SHACKLE (United Kingdom) expressed the satisfaction
of his Delegation - as originators of the proposal - for the
agreement in principle hitherto shown to this matter. He
considered it to be of the greatest importance to the success
of the Torquay negotiations and suggested that contracting
parties might consider it opportune to minimize the publicity
given to the arrangements relating to possible modifications
in the present schedules. These arrangements - if broadcast -
might invoke from vested interests a spate of requests for the
revision of rates bound at Geneva and Annecy and Governments
might not always find it easy to resist such pressure. He hoped
this measure of caution would also be borne in mind in the pre-
paration of any document relating to the work of the Fourth
Session and destined for the public.

Mr. MAYATEPEK (Turkey) recalled that his delegation had
expressed its point of view at a previous meeting and was glad
to be able to inform the meeting of his Government's agreement
in principle to the prolongation, for a certain period, of the
Geneva and Annecy schedules. They were convinced that this
prolongation constituted one of the most effective means of
fulfilling the aims of the Agreement.

It had, however, appeared in the course of the discussion in the Working Party that most delegations - even those of countries whose concessions had not yet come into effect - intended to revise their schedules, and to do so to an extent which it had not been possible to ascertain.

Any more or less ~~extensive~~ tampering with the Geneva and Annecy schedules would not only run counter to the principles of the Agreement, but would also favour those countries which would enjoy the benefits of a trial period as against those which would commit themselves to a binding of concessions for the first time. The position of the acceding governments before their parliaments and public opinion might thereby be made very difficult. His Government - although decidedly favourable to the prolongation of all the present schedules - was compelled, for the reasons he now expressed, to reserve its right to revert to the question in the course of the Torquay conference.

Mr. DI NOLA (Italy) referred to a communication of the Italian Government addressed to the Executive Secretary on 16 January, 1950, by which it accepted, ~~on terms of reciprocity,~~ the proposal of the United Kingdom delegation. In view of the attitude taken by his Government, he ~~wished to express, as an Observer at the Fourth Session of the Contracting Parties,~~ their agreement in principle with the resolution, the draft declaration, and the draft protocol, which were annexed to the report of Working Party "B".

He wished, however, to reserve the position of his Government in respect of the third recital of the first resolution, and in respect of one point of paragraph 5 of the report.

Two tendencies had appeared in the meeting. The first arose out of the United Kingdom proposal to revalidate the concessions contained in the Geneva and Annecy Schedules until 31 December, 1953, with the possible exception of "a few modifications of relatively small importance" (the words used in the airmgram of 9 December, 1949). The second tendency arose out of the point of view supported by the Benelux delegations and required the re-negotiation at Torquay of the items contained in the above lists with a view to obtaining new or supplementary reductions in rates of duty, so as to reduce a disequilibrium which, in their opinion, appeared to exist in the present level of customs tariffs.

The Working Party had attempted to bring together these two tendencies which were rather contradictory, and had arrived at the compromise in paragraph 5 of the report, which seemed dangerous to him.

He fully realized that, in requesting countries who would participate in the Torquay negotiations, to extend for a certain period (perhaps three years) the commitments entered into at Geneva and Annecy, it was not possible and, not even fair to refuse them the possibility of revising, through new negotiations, certain commitments which, in the light of experience had turned out to be harmful to the vital interests of their economy. But these new negotiations must only be of an exceptional character and be based - in any case - on Article XXVIII of the Agreement.

Article XXVIII was a safety valve and not an instrument of revision. It was even less a means for the levelling of customs tariffs, even if it were possible to achieve such an aim in an international conference.

In the light of the above considerations, he hoped it would be recognized that the third recital of the draft resolution, (Annex I) which spoke generally of "additional concessions" without limitation and without reference to Article XXVIII, and that in particular, paragraph 5 of the report, which reminded the participating governments "that the products described in the Geneva and Annecy Schedules might be subject at Torquay to further negotiations in order to arrive at new or additional reductions", went well beyond the scope of Article XXVIII, and might constitute a dangerous incentive towards the revision of the Geneva and Annecy concessions.

His concern was not only due to the fact that the draft resolution (Annex I) would require - in accordance with its fifth recital - the concurrence of the Governments which proposed to accede to the Agreement under the Annecy Protocol, but was also due to the special position in which his country found itself. The Annecy Protocol would not enter into force in so far as Italy was concerned, before 1 June, 1950. Those countries therefore which would want to revise the Annecy concessions would have to indicate what further reduction they propose in the

Italian Tariff by August 1, 1950. This would mean that a revision would be requested two months after the schedules had entered into force.

Moreover, the Torquay negotiations would begin on 28 September, 1950, that is too early for any experience to be gained as to whether the Lannecy concessions had been favourable to the trade between Italy and her partners.

This was not to say that the Italian Government contended that the results of Lannecy were perfect. It simply felt that the success of any new negotiation was dependent on the experience that has been gained of the facts, on which experience alone new demands could be based.

In conclusion, even if his country's special position were left out of account, he felt that it would be necessary in the interest of the Torquay Negotiations and of the stability of the results achieved - that the spirit of Article XXVIII should not be forgotten, and that if there had to be a revision, - it should not overstep those limits required by the safeguard of the essential economic interests of each country.

Mr. IMHOF (Germany) said he had intended to make the same remarks as the representative of Turkey and for the same reasons he wished to reserve the position of the Federal Government with respect to the tariff negotiations.

Mr. CASSIERS (Belgium) recalled the conclusion of the Chairman of the Contracting Parties at a previous meeting when the Benelux delegations had raised the question of high customs tariffs. The general consensus of the debate had been that high tariffs should be reduced. This was the main purpose of the Agreement, which did not prescribe any freezing of the situation. The Benelux countries, which had a low tariff, would not cease to insist on the necessity of reducing high tariffs. This should and could be done without infringing the stability of the schedules. The validity of the principles of Article 17 of the Charter, in particular the rule that a binding of a low rate should be equivalent to a reduction of a high rate had not been contested. Nor had he heard anyone contradict the representatives of the United States and of Canada when they had spoken in favour of the reduction of high tariffs.

Mr. van BLANKENSTEIN (Netherlands) supported Mr. Cassiers.

The eleven paragraphs of the report were singly approved with the amendments contained in document GATT/CP.4/25/Rev.1.

The draft resolution concerning the prolongation of ~~the~~ assured life of the schedules to the General Agreement was taken up and Mr. SHAH (India) informed the Contracting Parties that his delegation, while agreeing in principle with its contents, had to reserve its position. His Government had appointed a Fiscal Committee to examine the Indian position with respect both to the Agreement and the Havana Charter and it was therefore not possible for him to express his Government's formal approval.

The resolution was approved in principle, the final approval being deferred until the end of the Session in order to enable the Annex Acceding Governments to associate themselves with the declared intention of the contracting parties. The Annex Acceding Governments would have an opportunity to express their concurrence with the contents of the fifth recital.

The draft protocol, modifying Article XXVIII of the GATT contained in Annex II was approved in principle.

The draft declaration on the continued application of the Schedules to the General Agreement on Tariffs and Trade was approved in principle.

The meeting was adjourned at 12.15 p.m.

