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ORIGINAL: ENGLISH

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONTRACTING PARTIES
Fourth Session

SUMMARY RECORD OF THE SEVENTEENTH MEETING

Held at the Palais des Nations, Geneva,
on Tuesday, March 21st 1950 at 2.30 p.m.

Chairman : Hon. L.D. Wilgress

Subjects Discussed:

1. Notifications under Article XVIII - (Item 4)
2. Status of the Agreement and Protocols - (Item 6)
3. Application of Annecy Schedule XIV Norway - (Item 7)
4. Date of Fifth Session - (Item 23)
5. Further Examination of UNESCO requests (Item 20)
6. Meeting required by Article XXIX (Item 22)
7. Franco-Italian Customs Union.

1. Notifications under Article XVIII

(2) Notification by Haiti under paragraph 11 - GATT/CP.4/21

The CHAIRMAN explained that a decision was necessary in order to grant a waiver under paragraph 5 (a) of Article XXV.

Mr. GRADY (United States) suggested that the date at the end of the draft decision be altered to 30 April 1950.

This was agreed.

A vote was taken in accordance with the provisions of Article XXV; 5(a) and the decision was approved by 17 votes to 0.

(b) Lebanon-Syria - decision on certain measures - GATT/CP.4/27

The decision was approved.

(c) Ceylon - GATT/CP.4/12

The CHAIRMAN explained that this item had already been considered under item 5 of the Agenda but that as cotton verties had not been covered by the releases granted at the Third Session it was necessary to refer the matter to a Working Party for examination.

This was agreed.

The CHAIRMAN recalled that an inter-sessional working party had been set up at the 3rd Session under the Chairmanship of Mr. Hewitt and he was sure that all the contracting parties would regret that Mr. Hewitt could not be present at this session. He suggested that the working party to deal with the Ceylon measure be composed of the same countries as the inter-sessional working party on Article XVIII, with the exception of Cuba and Syria who were not represented at the session, and that the place of these latter countries be taken by Ceylon. He proposed Mr. de Vries, of the Indonesian delegation, as Chairman in his personal capacity.

This was agreed.

2. Status of the Agreement and Protocols - GATT/CP.4/26/Rev.1

The CHAIRMAN referred to the discussion at a previous meeting of document GATT/CP.4/6 describing the status of the various protocols with regard to acceptance and also of the document circulated by the Union of South Africa (GATT/CP.4/5) suggesting that governments take the necessary steps to accept the various protocols in order that one common text of the Agreement might be operative. The only change in the situation described in document GATT/CP.4/6 was the acceptance by Luxemburg of Protocol number 7 modifying Article XXVI.

Mr. WARD (Southern Rhodesia) said that he had been advised that Southern Rhodesia had decided to accept Protocol 2 relating to Article XXIV and that an instrument authorising the United Kingdom representative at Lake Success to sign on their behalf had been despatched.

Mr. DESAI (India) explained that the Indian representative at Lake Success had been authorised to sign Protocol 9 replacing

Schedule VI and the First Protocol of Modifications but had encountered procedural difficulties .

The CHAIRMAN regretted this, and said that the Secretariat would enquire as to the reason.

Mr. MARATITA (Indonesia) said that his delegation had been instructed to accept Protocol 7 relating to Article XXVI.

Mr. NICOL (New Zealand) explained that his government had not yet signed Protocol 2 relating to Article XXIV because it was at present considering the whole question of the General Agreement and the Charter and did not consider it advisable to take piecemeal action.

The CHAIRMAN explained the draft Resolution inviting contracting parties which had not accepted all the protocols to do so before the opening of the negotiations on 28 September.

The Resolution was accepted by 17 votes to 0.

3. Application of Annecy Schedule XIV - Norway - GATT/CP.4/18

The CHAIRMAN recalled that at the ninth meeting on 1 March the Contracting Parties had approved the procedure suggested in document GATT/CP.4/18 and communications had been sent on 2 March to the acceding governments advising them of the proposed decision extending the time limit until 30 June for the Norwegian government to notify the Secretary-General of its intention to apply the concessions granted at Annecy. The acceding governments had been asked to advise the Executive Secretary by 15 March in case they had any objection to this proposal.

No unfavourable reply had been received and, accordingly, the Contracting Parties might now consider giving approval to the draft decision contained in document GATT/CP.4/18.

The Decision was approved by 17 votes to 0.

Mr. SCHÖYEN (Norway) thanked the contracting parties and acceding governments for this action.

4. Date of the Fifth Session

The CHAIRMAN explained that this question was being brought up earlier than usual in the session as he had found some uncertainty in various working parties as to action which should be taken for lack of information as to the date of the next session. Further, it was necessary to decide on the place of the meeting, and while it might not be possible to make a decision at the present time an exchange of views would be useful.

As to the date, the Chairman considered that the experiment at Annecy of having the meeting of the Contracting Parties and the tariff negotiations running concurrently had not been entirely successful. It had resulted in frequent conflicts between the two and was one of the reasons why the session of the Contracting Parties had lasted so long. There was, however, the experience of the negotiations in Geneva, when the negotiations had opened over a month before the discussions on the Charter began and were therefore well under way. This, he considered, had been a more successful method of handling the problem and he suggested that there would be considerable advantage in keeping the two meetings quite distinct. Consequently the meetings of the Contracting Parties should take place either six weeks before September 28 or begin some time after that date. August seemed to him too soon after the present session. He suggested therefore the 9 November, in order that the Contracting Parties might finish before Christmas.

Mr. PHILIP (France) wondered whether it was necessary to allow as much as six weeks for the session and suggested that it might begin a week or ten days later.

The CHAIRMAN thought that past experience showed five or six weeks to be the average length of a session.

Mr. NICOL (New Zealand) enquired whether the Contracting Parties would be meeting at Torquay.

The CHAIRMAN considered that there were several possibilities as to the place to hold the session. Torquay was, of course, one of them, but this had the disadvantage of a possible conflict between the

two meetings. It seemed to him that it might be useful to separate the sessions from the negotiations. He had considered Geneva, which was of course convenient from the Secretariat point of view, but did seem inconvenient in that delegates would wish to keep in touch with their colleagues at the tariff negotiations. Consequently, he asked the meeting to consider the possibility of holding the session at London where delegations would not be too far from Torquay and where documents and conference facilities were easily available from the United Kingdom Government. The representative of the United Kingdom had also indicated that Church House could be made available.

Mr. NICOL (New Zealand) said that his delegation, and he thought other small delegations, would find it very difficult, expensive and inconvenient to have the one meeting in Torquay and one in London.

Mr. SHACKLE (United Kingdom) supported the proposal of the Chairman. While Torquay would be perfectly feasible for the Contracting Parties meeting, it would mean transferring the entire Secretariat machine to Torquay, whereas in London there were already certain facilities. Furthermore, there was the convenience for delegations in being in a large centre and near their embassies.

Mr. MERINO (Chile), Mr. RIBEIRO (Brazil), and Dr. BENES (Czechoslovakia) agreed with the New Zealand delegate.

In reply to a question by Mr. Philip (France), the CHAIRMAN explained that there was accommodation in Torquay to hold both meetings and also that the communications between Torquay and London were excellent. The main reason for suggesting a place other than Torquay for the Contracting Parties was that when the meetings were in the same place they tended to interfere with each other.

Mr. NICOL (New Zealand) thought that one of the main reasons for the length of the Annecy session had been the need for drawing up new procedures for the accession of countries to the General Agreement and now that the form had been established, there would be no need for such lengthy discussions on this subject.

Mr. COUILLARD (Canada) said that although he sympathised with the small delegations and had no strong views as to place of

meeting, his delegation was particularly insistent on the need for short sessions and he would favour holding a session in London if it would have that result. Furthermore, the personnel required for the Contracting Parties and the tariff negotiations was generally quite different and if it was not different then the meetings were delayed. Probably from a long-term point of view it would be more economical to keep the two sessions separate.

Mr. GRADY (United States), while he had no strong views, would support the Chairman's proposal.

Mr. BOEKSTAL (Netherlands), Mr. SCHOYEN (Norway), Mr. WARD (Southern Rhodesia) and Mr. SAW OHN TIN (Burma) were in favour of holding the two meetings in one place.

In reply to a question from Dr. Botha (South Africa), the CHAIRMAN said that if it were necessary at the close of the tariff negotiations a short session of the Contracting Parties could easily be called to deal specifically with questions arising out of the negotiations. Consequently, this meeting could be attended by delegates present at Torquay.

The CHAIRMAN said that while he had every sympathy for the small delegations, he did want to emphasise the need for maintaining the high quality of representation in the Contracting Parties and he hoped that the delegations for the Fifth Session would not be only those taking part in the tariff negotiations. He thought the discussion had been a useful one and suggested that countries consider the alternatives, consult with their governments and a final decision as to the time and place could be reached at a later meeting.

5. Further Examination of the Requests of the Director-General of UNESCO which were discussed at the Third Session (Item 20) (Document GATT/CP.4/28).

The CHAIRMAN explained that this had already been discussed in the Contracting Parties when it had been decided to revert to the question at the close of the UNESCO meeting. The Draft Convention drawn up by the UNESCO meeting would be discussed further at the meeting of the UNESCO Conference in Florence.

Mr. BERNARD (Belgium) said that the importance his country attached to the work of UNESCO had already been demonstrated during the session at Annecy. He hoped that the agreement would be adopted by UNESCO and proposed that the Contracting Parties draw up a recommendation supporting the suggestion made by the Director-General.

Dr. WALKER (Australia) agreed with the Belgian representative and thought that the Contracting Parties could agree to bring the suggestions to their governments.

Mr. NICOL (New Zealand) considered that the agreement reached by the UNESCO Committee was in general a good one and explained that as a private individual he intended to take the advice of the Director-General of UNESCO. He thought there was a good chance that this agreement would be accepted after the UNESCO Meeting at Florence. He did not, however, consider that there should be an official link between this type of agreement and the very different type of bargaining that went on during tariff negotiations. The agreement could always be referred to during the tariff negotiations but he thought that it was up to the individual contracting parties to make requests for concessions on the items dealt with in the UNESCO agreement.

The CHAIRMAN said that it was clear that it was not the agreement that was before the Contracting Parties in any way, but rather the letter from the Director-General. There was not much more that the Contracting Parties acting jointly could do. Both letters of the Director-General had been circulated and his desire to see such items embraced in the tariff negotiations had been brought to the attention of all contracting parties and acceding governments. Anything further was for action by individual contracting parties. The Contracting Parties acting jointly should take note of these two letters. This was agreed.

6. Meeting of the Contracting Parties required by Article XXIX (Item 22)

The CHAIRMAN explained that at the last session it was decided to postpone a decision on the date for convening a meeting to consider the maintenance or amendment of the General Agreement. It

still appeared inappropriate to arrange at this time for the holding of such a meeting and the draft decision circulated to contracting parties left it for the contracting parties to decide when they deem appropriate. This was adopted by 18 votes to none.

7. Statement by the delegate of France on the Franco-Italian Customs Union.

Mr. PHILIP (France) made a statement on the Franco-Italian Customs Union which has been circulated as GATT/CP.4/30.

Mr. GRADY (United States) thanked the French delegate for his statement. He explained that when the time came for examination of the details of the proposed customs union, the United States would want a full exploration of any agreements between producers groups in the two countries that might have the effect of nullifying the objectives of Article XXIV. They considered this necessary as they had already received information that such agreements were contemplated or already negotiated. His delegation considered that the use of private producer agreements in the place of governmental trade barriers which had been removed by the formation of a customs or economic union could frustrate the basic objectives of the Union. Any restrictive arrangements would eliminate the competitive stimulus which the removal of governmental barriers was designed to create. His delegation considered that the governments involved should take appropriate measures to prevent or eliminate such agreements. Full information should be provided to the Contracting Parties concerning the details of any negotiations and the drafts of any producers' agreements, both contemplated and concluded. His delegation further felt that a procedure should be established for the notification to the Executive Secretary of the terms of any new producers' agreements as they materialized.

The United States delegation recognized that there might be exceptional cases where removal of governmental barriers threatened the very existence of a major industry or one of its members. If such removal resulted in the importation of a product in such increased quantities as to cause or threaten serious injury to the domestic producers of a significant industry producing a like or competitive product in a member country, the Contracting Parties should consider

the problem and perhaps permit the institution of mitigating measures tending to reduce such imports or to minimize the effects of such imports, e.g. a temporary subsidy or a temporary tariff to permit a domestic industry to make the necessary adjustments to meet the new competition or to shift to other lines of production.

At the same time, the United States delegation wished to reaffirm to the French and Italian representatives the full support of the United States for the establishment of a customs union which had the result of decreasing barriers of all types between the union and third countries.

Mr. DI NOLA (Italy) concurred with the French delegation. In agreement with France, his country intended to carry out a customs union for the purpose of integrating the economy of the two countries and as a part of the plan of integration of all countries within the European economy. He assured the Contracting Parties that his Government had no intention of basing it on cartels or other agreements which were harmful to the intent of such a customs union or to the development of the various economies.

Mr. PHILIP (France) explained that among the essential provisions of the agreement of 2 March, 1950 - the elimination of quantitative restrictions, comparison of the two tariffs and the lowering of certain duties - there was nothing that envisaged industrial agreements. During the course of the negotiations it was of course both normal and necessary that the two governments had not only governmental experts but representatives of professional organizations, both of employers and workers and of consumers organizations to advise and comment. He knew of no cartel or agreement at the present time. He was quite aware of course that not only in France and Italy but in Europe as a whole there was always the problem of agreements between industrialists. His country was in the process of preparing a bill to control cartels. Furthermore, the Economic Commission of the Council of Europe was

preparing a Draft Agreement for the control of cartels in Europe based on the Federal Trade Commission and he hoped this would be adopted by all countries. He wished to emphasise that this aspect was taken into account by his Government in this agreement and the interests of consumers were provided for.

The CHAIRMAN thanked Mr. Philip and Mr. Di Nola. He said that it was clear that this was not a formal notification to the Contracting Parties but simply for the information of the contracting parties.

The meeting adjourned at 5.50 p.m.