

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
LIMITED **B**
GATT/CP.5/SR.2
6 November 1950
ORIGINAL : ENGLISH

CONTRACTING PARTIES
Fifth Session

SUMMARY RECORD OF THE SECOND MEETING

Held at the Marine Spa, Torquay,
on Friday, 3 November 1950 at 10.30 a.m.

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

Subjects discussed:

1. Request by the Delegation of Czechoslovakia for the addition of a new item to the Agenda.
2. Tariff Negotiations (in so far as this item relates to the position of Uruguay in the Torquay Tariff Negotiations following the recommendations of the Tariff Negotiations Committee). (GATT/TN.2/23/Rev. 1)
3. Article XVIII - Notifications of existing protective measures by Denmark (GATT/CP.3/40 Add. 3 and GATT/CP/77) Haiti (GATT/CP.3/40, GATT/CP/60 and Add. 1) and Italy (GATT/CP.3/30/Add. 1, GATT/CP/49 and Add. 1).
4. South Africa - Southern Rhodesia Customs Union: First Annual Report of the Customs Union Council.
5. Consolidation of Schedules. (GATT/CP.5/4).
6. Schedule IX - Cuba: Report on renegotiations with the United States (GATT/CP/71 and Amend. 1 and Add. 1).

The CHAIRMAN stated that the meeting would proceed with the items in the order agreed on the preceding day (document T/18).

1. Request by the Delegation of Czechoslovakia for the addition of a new item to the Agenda

Dr. BYSTRICKY (Czechoslovakia) raised a point of order. He proposed the addition to the Agenda of an item to read as follows:

"The problem of the security of tariff negotiations with regard to the application of Article XIX of the Agreement."

The CHAIRMAN read Rule 4 of the Rules of Procedure which provides for the Agenda to be amended at any time, and opened the discussion on the inclusion of the proposed new item.

Mr. BROWN (United States) explained that, although his delegation saw no difficulty in discussing problems arising under the application of Article XIX, he found it difficult to judge whether the proposed item should be included in the Agenda without an explanation of exactly what it was intended to cover. He preferred to reserve his position until such a paper had been submitted.

In reply to a question by the Chairman, Dr. BYSTRICKY said that he saw no reason why the item he had proposed should not be added without an explanatory paper. Many items had been agreed to on the preceding day which did not have such explanations. He would, of course, submit a paper shortly.

The CHAIRMAN pointed out that the items discussed at the preceding meeting were those proposed in accordance with Rule 2 of the Rules of Procedure, i.e. items proposed for inclusion "up to one month from the date of meeting". The Czechoslovak item was notified under Rule 4 rather than Rule 2.

Sir Stephen HOLMES (United Kingdom) thought there could be no inconvenience for the Czechoslovak delegation if consideration of including the proposed item in the Agenda were deferred until a paper had been distributed. The procedure differed from that of accepting items proposed prior to the opening of the session and it would be wise to follow the fixed procedure for dealing with new items.

Mr. SVEINBJØRNSSON (Denmark) supported the United Kingdom delegate. He did not oppose the inclusion of the proposed item, but for formal reasons preferred to have a paper before adopting it.

Dr. BYSTRICKY disagreed that this was a different case from the adoption of the agenda items at the previous meeting. He felt that Rule 2 applied no longer since the Contracting Parties were now in plenary session. In spite of this, he would accept the suggested procedure and would submit a paper shortly.

The CHAIRMAN thanked Dr. Bystricky and pointed to the provision of Rule 23 that proposals should "normally" be introduced in writing and in advance of discussion.

2. Tariff Negotiations (in so far as this item relates to the position of Uruguay in the Torquay Tariff Negotiations following the recommendations of the Tariff Negotiations Committee) (GATT/TN.2/23/Rev. 1)

The CHAIRMAN explained that the remainder of item 2 would be taken up when a report has been received from the Tariff Negotiations Committee on the instruments for accession, etc. He recalled that Uruguay had negotiated successfully at Annecy and that the Contracting Parties had decided favourably on the accession of Uruguay. It had not, however, been possible for the Government of Uruguay to obtain parliamentary approval before the closing date of signature of the Protocol by acceding governments. The Uruguayan Government still wished to accede to the General Agreement and had sent a delegation to Torquay prepared to negotiate with present contracting parties and new acceding governments. The problem of arranging Uruguay's accession to the Agreement had been discussed by the Tariff Negotiations Working Party. The Chairman summarised the recommendations of the Working Party (GATT/TN.2/23/Rev. 1, pages 2 and 3):

- (a) That the Contracting Parties extend the acceptance date of the Annecy Protocol of Terms of Accession so that Uruguay may accede to the General Agreement under that protocol;
- (b) That the final acceptance date of the Annecy Protocol by Uruguay be the same as the final date to be established for signature of the Torquay Protocol by acceding governments;

- (c) That Uruguay be enabled to withdraw or modify certain concessions negotiated at Annecy, under the provisions of Article XXVIII; and
- (d) That the Legal Working Party be instructed to modify the draft Torquay Protocol in accordance with these recommendations.

He explained that it would be necessary to draw up a formal decision for the case of Uruguay but suggested that the Contracting Parties approve the recommendations of the Tariff Negotiations Committee in principle at this meeting.

Mr. BROWN (United States) proposed that the Contracting Parties approve the recommendations of the Tariff Negotiations Committee with respect to Uruguay.

This was agreed.

The CHAIRMAN said that a draft decision would be submitted at a later date.

Mr. LACARTE (Uruguay) thanked the Committee for this action, which was quite satisfactory to his delegation and removed the last obstacle to the carrying out of their negotiations. He hoped that it would be possible for his Government to accept the Annecy Protocol earlier than the date allowed by the extension of time.

3. Article XVIII - Notifications of existing protective measures by Denmark, Haiti and Italy (GATT/CP. 3/40 Add. 3 and GATT/CP/77: GATT/CP. 3/40, GATT/CP/60 and Add. 1: GATT/CP. 3/30/Add. 1, GATT/CP/49 and Add. 1).

The CHAIRMAN stated that examination of these measures required detailed work of a kind only possible in a smaller group and that the normal procedure of the contracting parties was, after a preliminary discussion, to refer the matter to a Working Party.

Mr. DOMINIQUE (Haiti) said that his Government considered that the measures concerning the régie du tabac did not violate the General Agreement or affect any other country, and consequently did not require the detailed study of a Working Party.

The CHAIRMAN felt sure that the Contracting Parties would consider it desirable to subject the Haitian measures to the scrutiny of a Working Party, and give their approval in the light of its report. He hoped the delegate of Haiti would understand that it was desirable to follow the customary procedure.

The delegate of Haiti agreed with the Chairman.

The CHAIRMAN then proposed a Working Party with the following terms of reference:

"to examine the measures notified by Denmark, Haiti and Italy in accordance with the provisions of Article XVIII and to report thereon to the Contracting Parties", and the following membership:

Canada	Italy
Chile	Netherlands
Denmark	Pakistan
France	United Kingdom
Haiti	United States
India	

This composition was modelled on the Working Party set up at the Third Session to deal with this matter and with a view to preserving the balance between the countries of varying degrees of economic development. The CHAIRMAN proposed as Chairman of the Working Party Mr. Hewitt (Australia) in his personal capacity, because of his long experience as chairman of the working party during the Third Session.

Mr. GARCIA OLDINI (Chile) explained that he would be unable to take part in the Working Party and proposed that Cuba replace Chile.

The CHAIRMAN regretted this decision in view of Mr. Garcia Oldini's experience with Article XVIII.

Sir Stephen HOLMES (United Kingdom) said that, while not objecting to the composition of the Working Party, he did not like the practice whereby a country which declined nomination to a working party proceeded to nominate another to take its place; nominations should be left to the Contracting Parties as a whole.

The CHAIRMAN explained that the custom was for the Chair to put forward the original nominations to a working party and the representative of any contracting party was free to propose changes. It would be incorrect to debar a country which did not wish to serve on a working party from nominating another.

The composition of the Working Party, with Cuba substituted for Chile, and its terms of reference, were approved.

The CHAIRMAN conveyed to the Working Party the request of the delegation of Haiti that the Haitian measures be taken up first and also the assurance that had been given by the Contracting Parties to the Italian delegation that the Italian measures would not be taken up immediately.

4. South Africa - Southern Rhodesia Customs Union; First Annual Report of the Customs Union Council

Mr. STEIN (South Africa) thought that the events which had preceded the submission of this Report were well-known to most of the representatives and he would only add a few explanations. The Southern Africa Customs Union Council had been in operation for about a year. Its terms of reference were contained on pages 1 and 2 of the Report. The first undertaking of the Council had been to study rates of duty of the two countries which were divergent at the date of the agreement, and the Council had already submitted recommendations for the alignment of these rates. These recommendations were receiving the consideration of the two governments and some had already been agreed in principle. It was hoped to complete this work fairly soon. The Council was also dealing with a number of problems affecting the operation of the Customs Union Agreement itself which arose from its effects on the industries of the two countries (see pages 14 - 21 of the Report). On page 21 would be found an indication of the steps to be taken during the second year towards the achievement of the general objectives of the Customs Union. Mr. Steyn wished to emphasise that the Council, although appointed by the two governments jointly, was an independent advisory body with full freedom to express its own views in its reports and that, consequently, the views expressed in this Report were not necessarily accepted by either government.

Mr. MACFARLANE (Southern Rhodesia) mentioned the reference on page 26 to the maintenance of restrictions on trade between the two countries and reported that the relevant information had been supplied to the Council. He also emphasised the independent nature of the Council. He said he would be pleased to answer any questions from delegates on the contents of the Report.

Mr. BISTRICKY (Czechoslovakia) said that these customs union documents referred to South West Africa as a territory of the Union of South Africa; he assumed that this related only to customs matters in view of the decision of the General Assembly of the United Nations of 14 December 1946 that S.W. Africa should not be incorporated in the Union of South Africa and should be a mandated territory under the Trusteeship Council.

The CHAIRMAN said that that was a political question outside the purview of the Contracting Parties and not relevant to the Customs Union between the Union of South Africa and Southern Rhodesia.

Mr. BROWN (United States) asked two questions: first, whether the rates specified in the Annexes were already in effect between the two countries; and, secondly, concerning the plan of work for the next twelve months contained on page 21, he did not see any indication that the Council intended to give attention to restrictions on the trade between the two countries and he wondered whether it was intended to pursue this subject.

Mr. STEYN (South Africa) replied that the rates referred to were now in force between the two countries. In reply to the second question, the two governments considered that in the complicated task of forming a Customs Union it was of first importance to bring the tariff rates into alignment, and the Council, in accordance with its instructions, had to pay particular attention to this. The Council had considered proposals for the elimination of restrictions between the two countries, and they intended to familiarise themselves with such restrictions in order to formulate plans for their removal.

Mr. BROWN (United States) thanked the South African delegate. He hoped the work would proceed with expedition and success, and that in the next report there would be fuller consideration of the problem of the removal of restrictions in the trade between the two countries.

The CHAIRMAN suggested that the Contracting Parties might note the Report which had been submitted in accordance with the Declaration of the Contracting Parties of 18 May 1949, expressing the hopes just stated by the delegate of the United States.

This was agreed.

5. Consolidation of Schedules (GATT/CP.5/4)

The CHAIRMAN summarised the suggestion in the document issued by the Secretariat. The need for this consolidation, both for the information of contracting parties and for the public, was very apparent. He hoped it would be approved.

Mr. MELANDER (Norway) supported the suggestion. There might be certain difficulties of detail and he suggested that it might be well to wait until the Torquay concessions were in force before consolidating the Schedules, which might perhaps be later than the sixth session.

The CHAIRMAN suggested that the Contracting Parties might approve the suggestion in principle and refer it to a Working Party composed of customs experts which would be set up to consider other items in connection with the schedules.

Mr. HERRERA ARANGO (Cuba) supported the suggestion and proposed that the Working Party study whether a special column, indicating the country with

which each item was negotiated and also the date of the negotiation, might be included in the consolidated text.

The CHAIRMAN said that the point could be considered by the Working Party but there might be some difficulty in that this was a multilateral agreement.

M. LECOYER (France) and Mr. REISMAN (Canada) supported the proposal. The latter hoped that it could be carried out very soon. With regard to the suggestion by the delegate of Cuba, Mr. Reisman felt it would be undesirable to include something which would stress the bilateral rather than the multilateral character of the Agreement.

The CHAIRMAN thought the Working Party might consider how to give effect to the Cuban proposal without producing the information in a public document.

The suggestion of the Secretariat was approved in principle, the details to be left to the Working Party.

6. Schedule IX - Cuba: Report on Re-negotiations with the United States (GATT/CP/71 and Amend.1 and Add.1)

Mr. HERRERA ARANGO (Cuba) explained that the re-negotiations referred to under this item were those approved by the Contracting Parties at their Second Session (see GATT/CP.2/43 and GATT/CP.2/SR.25). They included those tariff items specifically mentioned in the report of the Working Party on the Cuban Schedule (GATT/CP.2/43). The re-negotiation of coloured woven textiles which had also been proposed at that time, was deferred and was now under discussion between Cuba and the United States in the general negotiations on textiles. Negotiations were completed in 31 May 1950 and notified to the Contracting Parties in document GATT/CP/71. These changes were only in respect of the preferential rates of duty and none had been initially negotiated with other contracting parties. Parallel changes were, however, made in the most-favoured-nation rates in order not to increase existing margins of preference. Compensation for increases in rates of duty were granted on a number of items in the Cuban tariff together with parallel changes in the most-favoured-nation rates. Thus several most-favoured-nation rates, whether or contained in Part I of Schedule IX to the General Agreement would receive the benefit of the reductions. The changes in the Cuban customs tariff were set out in document GATT/CP/71/Amend.1. Since no objections had been raised by any contracting parties to the proposed changes, Mr. HERRERA ARANGO proposed that the Contracting Parties authorize the incorporation of these changes into Schedule IX.

Mr. BROWN (United States) associated himself with the statement of the delegate of Cuba.

The incorporation of the results of the re-negotiations between Cuba and the United States in Schedule IX was approved and the CHAIRMAN explained that the working Party on Schedules would determine the exact method.

The meeting adjourned at 1 p.m.

