

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ORIGINAL: ENGLISH

CONTRACTING PARTIES
Fifth Session

SUMMARY RECORD OF THE EIGHTEENTH MEETING

Held at the Marine Spa, Torquay, England on
Friday, 8 December 1950, at 10.30 a.m.

Chairman: Mr. TONKIN (Australia)

Subject discussed: Item 15 - Arrangements for the Continuing
Administration of the General Agreement
(GATT/CP.5/11) (continued)

Item 15 - Arrangements for the Continuing Administration of the General Agreement.

Dr. BOTHA (Union of South Africa) said that he had listened with interest to the arguments in favour of this very important proposal of the Canadian Delegation and he had also noted from the Canadian representative's opening remarks that there was no idea of putting into operation the Article XXIX machinery. Until this became imperative he did not think there was any need to change the present administration of the Agreement and there was in any case no provision in the Agreement for setting up such a committee as proposed by the Canadian Delegation. There were many arguments against the proposal. The increasing number of contracting parties would hardly be a problem, since except for a few additional ones during this year, there would be little change for several years to come. It seemed unlikely that the problems facing the Contracting Parties would be any more difficult in the future than they had been in the past. Indeed, he considered that the progress of the Contracting Parties would be retarded if they were burdened with the totally new problems of the establishment of an Executive Committee. As to the argument concerning the length of the sessions and high level representation, he too thought that high level representation was essential, but the existence of an Executive Committee would diminish rather than enhance the possibility. It would no longer be considered necessary, if all the problems were digested before meetings began, to send high level representatives to the Contracting Parties. On the Committee itself it was difficult to envisage that representatives of a sufficiently high level could be spared by their governments for such a long period of time. Under any circumstances the staff of such a Committee would be a heavy burden on governments. When technical questions were under discussion, experts and advisers would have to be sent and the Committee would develop almost into an additional session of the Contracting Parties, except that there would be a diminished number of countries represented.

He felt that there was very serious danger of such a Committee becoming a super body where the activities of all the contracting parties would be directed by a few. It was very difficult for governments to arrive at correct decisions without having been present at the discussions leading up to them, and he considered the practice of postal voting a very dangerous one. In addition to the fact that the proposal to be voted on would be almost meaningless to those countries which did not have the background of the discussions to guide them, the possibility of amendments was almost ruled out because of questions of time, distance, circulation of documents, etc.

Rather than fortifying the Agreement, this proposal seemed to him to carry grave dangers of undermining its foundations. As operated at the present time, all contracting parties had the opportunity to understand the problems, express their views and attend all discussions, and all their representatives had ample opportunity to gain experience during the course of the meetings. The Contracting Parties had hitherto provided the forum which was the strength of the Agreement, and if this forum were limited so also would its strength be diminished.

Dr. BOTHA referred to the cost of the maintenance of such a Committee and the secretariat which it would require, and also to the additional cost to governments of the delegations they would have to send.

In any event, the proposal made by the Canadian Delegation was too far-reaching to be dealt with in haste. The various questions of detail would have to be carefully worked out before any decision could be arrived at. He referred to the special inter-sessional machinery which had been established at Annecy for the purposes of Articles XI to XIV and XVIII and to the fact that it had never been used. It was, consequently, doubtful that a permanent body would operate to any effect unless it were given such powers as to endanger the operation of the Agreement.

To summarise, he feared that, far from promoting the good of the Agreement, a Committee as proposed would be detrimental; that officials would lose the experience they had gained in the course of the meetings of the Contracting Parties, and would lose access to the opportunity of fully understanding the various problems; he feared delegating powers which properly belonged to the Contracting Parties and he also feared that a small group might not understand the problems of all countries and that the position of the smaller nations in particular would suffer. For all these reasons he felt that Governments needed ample opportunity to consider these proposals and no decision should be reached before the next session.

Dr. van BLANKENSTEIN (Netherlands) considered it of the utmost importance to shorten the meetings of the Contracting Parties, for the reasons set forth in the Canadian proposal. It was only possible to send qualified personnel to these meetings if they were neither too frequent nor too long, and the only solution was to have an agenda more fully prepared before the meeting began. He intended no reflection on the Secretariat, but with so small a staff it was impossible to produce adequately detailed reports on all the items of the Agenda. His delegation, therefore, supported the Canadian proposal. He agreed that the Committee should be a small one, but he also called attention to the fact that too much should not be expected of it. It would probably be composed of representatives of the contracting parties already at the headquarters of the GATT and with their own work to do. They could hardly be specialists in Contracting Parties matters. He therefore felt it should have the character of a Board of Directors and that it was particularly the Secretariat that should be strengthened and from whom should be expected the greater amount of work. As to the question of the powers of this Committee it was clear that the power of decision should remain with the Contracting Parties as a whole. There were, however, certain routine matters which might well be disposed of without waiting for a session of the Contracting Parties. A possible solution that the Working Party might consider, which might also meet to some extent the views expressed by the South African delegate, would be to envisage a second body. This second body would be in effect the Contracting Parties but represented by delegates already stationed in embassies or legations at the headquarters of the GATT. For decisions on more routine matters, meetings of this body could be called. More important matters would of course be reserved for the main meetings of the Contracting Parties, of which there should not be more than one or two a year. It followed from this that the headquarters should be established in a city where all contracting parties were represented.

In any case, too much should not be expected from the intersessional machinery, whether one or two bodies. The main task should fall on the Secretariat and the first question to be considered, therefore, was how to enable the Secretariat to undertake more preparatory work than it had hitherto done. He suggested also that the Working Party should look into the question of ratification of the Agreement by the Contracting Parties, since it was difficult to talk of continuing administration in circumstances where only one or two countries had ratified.

The CHAIRMAN expressed the pleasure of the entire meeting at seeing Mr. DESAI (India) back and hoped he was fully recovered from his recent illness.

Mr. DESAI (India) thanked the Chairman. He went on to say that his Government had not, in their preliminary examination, come to any decision on the Canadian proposal. They had, of course, considered the question in the expectation of the not too distant ratification of the Havana Charter and it had seemed unnecessary to set up a Standing Committee at this time. The Canadian Delegation had proposed that it should deal only with Articles XII to XIV and XVIII and all these articles would, of course, be suspended when the Havana Charter entered into force. However, the declaration made by the United States Government altered the situation. Although he had no instructions, he thought that his Government would agree in principle, in the light of this declaration, to the setting up of some sort of permanent committee to deal with such matters as set forth in the Canadian proposal. He agreed with the United Kingdom and other speakers that a Working Party should examine at this session, in more detail, the question of the scope, functions, location, etc. of such a committee and submit a report to the next session so that Governments would have a chance to examine the problem in detail and instruct their delegations.

However, another matter arising out of the United States declaration caused much anxiety, and that was the state of indecision regarding the Havana Charter. He referred to the Gray Report which recommended, among other things, that the United States should become a member of the ITO. But the document (GATT/CP/84) that was circulated by the United States, declared that the interested agencies and the President had agreed that the Havana Charter should not be re-submitted to Congress. He wondered whether this meant indefinite postponement of consideration of the Charter by the most important contracting party. If that were so, a number of governments would have to consider whether it was worth while for them to continue as contracting parties to an agreement whose main task, in his view, consisted of demolition work and preparatory work in order that the field of international economic relations might be cleared, and a sounder structure built which would be of benefit to all. Article I of the Havana Charter contained six statements of principles and objectives. The General Agreement included only the fourth of these. For three years the demolition work of the General Agreement had been carried on in the hope that the construction as envisaged by the Charter would follow. If that hope were to be indefinitely deferred, there was little value in continuing or improving the work of demolition provided in the Agreement. If, however, it were intended that the Contracting Parties, in addition to clearing away the obstacles, should also consider putting into the Agreement, little by little, the constructive development provisions of the Charter, as it was possible to do so, the aspect of the matter would be altered. While it was true that there were other organisations in the international field, such as the Economic and Social Council, which dealt with matters he had mentioned, their approach was largely theoretical and they were large bodies not staffed by experts and with no permanent organisation. It has been thought that the ITO would take over much of the constructive work which was necessary to set up a healthy economic organisation and it was this part of the United States declaration that was of concern to governments such as his.

Insofar as the limited objectives of the Standing Committee were concerned, there would probably be no difficulty in agreeing in principle. He asked whether the United States representative could clarify the position of his Government. During the last thirty years national administrations had moved from questions of law and order to questions of welfare and development and it was time that questions of development should be dealt with on an international level. If this were not done, the aims and objectives of the Charter to which the Agreement subscribed would be foregone and the interest of governments would diminish.

Mr. SCHMITT (New Zealand) associated himself with those who had expressed their appreciation of the Canadian proposal. It was appropriate at this stage to take stock of the procedural arrangements for the administration of the Agreement and the recent announcement of the United States only increased the timeliness of this stocktaking. His Delegation's initial reaction to the Canadian proposal had not been completely favourable. Although the present administrative arrangements left much to be desired, they had considerable virtues which were not to be found in fully organised bodies. However, the statement by the Canadian representative at the preceding meeting and the ensuing discussion made it clear that there was no wish to throw over the present system, but rather to formalise to a certain extent the experience of the Contracting Parties thus far. He was in favour of preliminary examination by a Working Party at this session, in order that full consideration could be given to the problem before the next session. He agreed with the United Kingdom representative that it was necessary for governments to review their attitude to the Agreement in its present form in the light of the declaration by the United States. He wished to refer to one point of detail with regard to the length of meetings. Provided meetings did not last as long as the Annecy meeting had, his delegation was not much concerned about a duration of four or five weeks. But, at any rate for the more distant countries, it was particularly necessary to avoid frequent meetings. He hoped any procedures that were worked out would presuppose no more than one meeting a year.

Mr. BROWN (United States) wished to reply to the questions posed by the Indian delegate. With regard to the Gray Report, it was, of course, the report of an individual who had been asked to study the situation and present recommendations and conclusions. Although there was general endorsement of the conclusions, they remained those of an expert adviser rather than a decision of policy on the part of his Government. With regard to the Havana Charter, he explained that his country had a constitutional situation whereby all legislative matters ended with one Congress and had to be stated anew in the next one. The President had decided he would not re-submit the Charter to this Congress in the light of the present situation and its heavy programme and since Congress was in session for two years it was certain that there would be no action on the Charter during that time. With regard to the broader questions to which the Indian representative had referred, the General Agreement was certainly identified with the broader objectives of the Charter. He felt, and his Government felt that the work of the Agreement was more than a question of demolition. Much depended on the use of the word. Every construction work required some destruction in order that forces could be released and foundations laid and the building created, and it was in this light that his Government regarded the Agreement. In other fields touched on in the Charter the work of construction had begun and was being carried on actively in the international field. In fact, the degree to which nations were now actively associated in pooling their knowledge and capabilities in fields such as technical assistance, the relief of unemployment, poverty, sickness, etc., would a few years ago have seemed unthinkable. In Colombo various countries had met and produced a constructive programme of economic development. Similar work was being carried out in the United Nations. In the United States the Congress and people and the administration were

devoting time and work and money to the matter of economic development on an international scale. In the field of commodities, new concepts were being established in commodity agreements which had de facto effect if they were not legally binding. A wheat agreement had been put into effect and others were under consideration. In effect the forces of construction were certainly at work and should continue to be strengthened in every way. It was proper that governments should consider whether their attitude towards the Agreement was changed by the action of the United States but he hoped this debate would not end on a note of pessimism or lack of progress. He felt that there was progress under the General Agreement and constructive work being carried out, that countries had acquired a certain amount of confidence in it and that by doing the necessary demolition work the constructive forces of commerce were being released.

The EXECUTIVE SECRETARY welcomed the study to be given to the question of the continuing administration of the Agreement. It was appropriate at this time for him to acknowledge with thanks the many compliments which had been paid to the Secretariat. He hoped that one of the results of the consideration to be given to the question of future administration would be the expression, in the form of conditions of stable employment and settled abode, of the generous recognition contracting parties had accorded the Secretariat. He had made it clear before that the role of the Secretariat was limited to a certain extent by budgetary considerations. While not wishing to recommend a large expansion of the staff, some increase was clearly necessary and he hoped also that it would be possible to offer conditions of employment which would attract able men and women. However, mere increase in numbers was not the point. As the United States representative had said, the Contracting Parties did not possess a Secretariat and he and his staff had been inhibited by the fact that they were not the Secretariat to the Contracting Parties and that no such secretariat in fact existed. But for this factor, it would certainly have been possible to accomplish more than had hitherto been the case, and he therefore hoped that the Contracting Parties would set up their own secretariat very soon. One result of the non-existence of a secretariat for the Contracting Parties had been to impose upon the Chairman functions more properly belonging to the administrative organ. This was neither very workable nor fair since the Chairman had at times had to accept responsibility for actions where adequate consultation had not been possible. There had been no serious problem in the past but it could become so in the future. The Working Party should therefore give attention to a definition of the functions of the executive organ.

Mr. COUILLARD (Canada) expressed the gratification of his Delegation at the serious and responsible atmosphere of the debate on this subject and he thanked the Contracting Parties for the generally favourable reception which had been accorded to the proposal. He had been interested to hear the various constructive comments. The types of safeguards alluded to by various speakers had been very much in the mind of his delegation also and should certainly be borne in mind when the question was studied by the Working Party. He apologised for the fact that his statement contained no reference to the problem of acceding governments and it was clear that this must also be considered by the working party. He gathered that there was general agreement on the principle that a steering committee be established. There also appeared to be agreement that no decision could be taken to set it up at this time. This was logical and reasonable and indicated the importance of establishing a working party with terms of reference sufficiently broad to enable it to study all aspects of the problem and make recommendations to the Contracting Parties at this session.

On the basis of the Working Party report the Contracting Parties would be better able to confirm the agreement in principle to the proposal. Then, in the interval between this session and the next one, governments would have time to decide on their attitude in the light of the views of other contracting parties and of the Contracting Parties acting jointly concerning the nature of the steering committee. Although there was no intention of pressing for a final decision at this session, the work should be pushed ahead as far as possible.

Sir Stephen HOLMES (United Kingdom) thought it was important that there should be no misunderstanding on this matter and the Canadian representative's statement might perhaps give rise to some. He could not agree that the debate should be regarded as approval of the proposal in principle. Surely it was only an attempt to give the first consideration to an important proposal. Nor did he think that the report of the working party should be brought back to the Contracting Parties at this session to be in some manner endorsed by them. The Working Party could only begin its consideration and in the time remaining this consideration could hardly be exhaustive. The Working Party should be asked to do what it could, the Contracting Parties could then take note of its activities and the matter would be left over to the next session when the picture would be clearer. In any case this present debate could only be considered as a first reading.

Mr. COUILLARD (Canada) could not agree that in the seven days remaining to the working party it could not conduct a relatively full examination. In any case it was fruitless to discuss the question of whether or not it was possible; the working party should be set up and allowed to work. It was also important that the report of this working party should be submitted to this session of the Contracting Parties. A number of governments had referred to the need for some statement before they could give their views and it would be extremely difficult to seek the approval of a government for a committee whose nature was unknown; nor could delegations present to their governments the report of a small working party without knowing the views of the Contracting Parties as a whole. He had felt that the general sense of the meeting was that some kind of a report was necessary before the end of the session.

The CHAIRMAN considered it clear that representatives did not wish at this stage to come to a decision or agreement on the acceptance in principle of the proposal. The wish seemed to be to send the matter to a working party which would give full consideration between now and the end of the session to all these matters and to the views of the contracting parties. The working party would report back to this session of the Contracting Parties. That report would give the opportunity for further examination and clarification of views and at least enable all delegations to submit a full report on the matter to their governments at the end of the Session.

The CHAIRMAN thanked the Canadian delegation for the proposal submitted and said that the discussion on this item had shown the value both of having a well reasoned statement and ample time to consider it and to obtain the views of governments. The trend of the discussion had been much influenced by the important declaration of the United States Government and the Chairman considered that the statement of the United States representative in this meeting had been interesting as showing the attitude of his Government to the General Agreement. The discussion had raised various important points: the question of the title of the committee had elicited views on its authority and the scope of its functions; it was generally agreed, and this seemed to him very important, that final decisions should always rest with the Contracting Parties;

the question of the composition, numbers and basis of representation had raised the points that observers should be admitted, the idea of a rotational system, and representation of the smaller countries; reference had also been made to the real value of the meetings of the Contracting Parties themselves with the experience gained by various delegations in the administration of the Agreement and the advantages arising out of friendships made at the various sessions.

The CHAIRMAN assumed that there was general agreement on the setting up of a working party and he hoped it would achieve its difficult task quickly and successfully. He proposed terms of reference.

After some discussion, terms of reference were agreed to as follows:

"To examine in the light of the discussions of the plenary meeting on the 7th and 8th December the proposals of the Canadian delegation for the appointment of a permanent committee to ensure the more effective administration of the General Agreement and to present a report to this session, for consideration by the Contracting Parties and for transmission to Governments for further study."

The CHAIRMAN then proposed the composition of the Working Party and after a further discussion it was agreed that it should consist of 12 members as follows, who would elect their own Chairman:

Australia	India
Canada	Netherlands
Chile	Pakistan
Denmark	U. of S. Africa
Dominican Republic	United Kingdom
France	United States

This was agreed.

The meeting adjourned at 1.30 p.m.

