

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES  
EIGHTH SESSION

## SUMMARY RECORD OF THE SEVENTH MEETING

Held at the Palais des Nations, Geneva,  
on Thursday, 24 September 1953, at 10.30 a. m.

Chairman: Mr. Johan MELANDER (Norway)

- Subjects discussed:
1. Accession of Japan: Establishment of Working Party
  2. Italian Customs Treatment for Libyan Products
  3. Brazilian Internal Taxes
  4. United Kingdom request to renegotiate an item in Schedule XIX
  5. Belgian Family Allowances
  6. German Treatment of Imports of Sardines
  7. Greek Import Taxes
  8. Greek Import Duty Coefficients
  9. French Tax on Imports and Exports
  10. Brazilian Compensatory Concessions
  11. Financial Statement and Budget

### 1. Accession of Japan - Establishment of Working Party

The CHAIRMAN proposed that a working party be established with the following terms of reference:

"In the light of the discussion in the plenary session:

- a) to consider the problem presented by the impracticability of proceeding at the present time with Japan's application to accede to the General Agreement in accordance with the normal procedures for accession;

- b) to examine the suggestion made in the communication from the Japanese Government of 4 August 1953, together with the formula submitted by the Executive Secretary in L/107, as well as any other proposals which might be formulated with a view to providing for Japan's participation in a form and on terms likely to make it acceptable as widely as possible among the contracting parties;
- c) to submit recommendations to the CONTRACTING PARTIES";

and with a membership consisting of Belgium, Canada, Chile, Denmark, France, Germany, India, Pakistan, United Kingdom and United States, with Mr. Garcia Oldini (Chile) as Chairman.

This was agreed.

In reply to a question by Mr. Seng (India), the CHAIRMAN said that an opportunity to examine the proposal prepared by the Intersessional Committee in document L/76 with regard to an interpretation of Article XXIII would be covered by the terms of reference of the working party.

## 2. Italian Customs Treatment for Libyan Products (L/111 and L/112)

Mr. NOTARANGELI (Italy) said that the preferential treatment given by Italy to products from the United Kingdom of Libya had not been in operation long enough for the results to appear in the statistics of trade and therefore the results could not be accurately assessed. The adverse climatic conditions in Libya during the past year had had disastrous effects on the production of certain crops. It had even happened, as shown in the report from the Government of Libya, that far from exporting to Italy, Libya had been forced to import products to meet her own requirements.

The trade figures supplied, therefore, did not give a true picture of the position, and the Italian Government felt that only in the forthcoming year could the contracting parties have an accurate view of the results of the preferential régime. Moreover, the period under consideration was a short one dating from 1 January 1953.

Mr. ABDUL KAFI (Libya) thanked the CONTRACTING PARTIES for having invited his country to be present at the Eighth Session. The Decision taken on 9 October 1952 by the CONTRACTING PARTIES would contribute greatly to the economic aid of Libya. The special treatment by Italy for products imported from Libya was greatly appreciated. He hoped document L/111 fulfilled the commitment of the Libyan Government to submit a report. He also trusted the contracting parties would appreciate that the first period of six months covered by the waiver was too short to give accurate results. A true picture of the economic position would be gained only from the second report in 1954. All

possible steps were being taken to assist in Libya's economic progress, and full advantage was being taken of the United Nations' Technical Assistance Mission, the Libyan/American Technical Assistance Agreement, and the Libyan Public Developments and Stabilisation Agency. Their activities were co-ordinated by the Economic Planning Committee set up for this purpose by the Libyan Government.

The CHAIRMAN acknowledged the receipt of the two reports on behalf of the CONTRACTING PARTIES. In view of the short period during which the waiver had been in operation, the CONTRACTING PARTIES would not be able to study the reports to any useful purpose, but it was hoped that the effects of the waiver could be studied at the next Session.

The CONTRACTING PARTIES therefore took note of the two Reports.

### 3. Brazilian Internal Taxes

Mr. VALLADAO (Brazil) said that his Government was distressed that this item still remained on the agenda of the CONTRACTING PARTIES. At Torquay, the CONTRACTING PARTIES found that the draft law which was submitted by the Brazilian Government to their Congress would remove the discriminatory element and thus bring the existing legislation into conformity with the General Agreement. Since then, the draft law had been awaiting consideration by the Brazilian Congress and was further delayed by the change of government. He said that the Executive Branch of his Government should not be held responsible for this delay, since the Legislative Branch was independent and such delays were in the very nature of the democratic process. Not disputing the validity of the complaint lodged by the French Government, he expressed his delegation's willingness to discuss any compensatory measures within the framework of the General Agreement, and pointed out that in their bilateral trade agreement with France, Brazil had agreed to import "non-essential" items on a reciprocal basis. He said that complaints of this kind were appearing more frequently on the agenda of the CONTRACTING PARTIES, due to the static nature of the General Agreement which had not been elastic enough to cope with the problems arising therefrom. This, in his opinion, underlined the necessity for a review of the Agreement.

M. DONNE (France) expressed his Government's disappointment that the complaint lodged by them against the Brazilian internal taxes had remained on the agenda of the CONTRACTING PARTIES for so many years. At the Third Session in 1949, the Brazilian Government had indicated, to the working party appointed to examine the situation created by the imposition of taxes which discriminated against imported products, that it was prepared to undertake measures to amend the existing laws in order to bring them into conformity with Article III of the General Agreement. The French Government had been anxiously looking forward to hearing more about these proposed measures and to acquaint themselves with the contents of the report, the submission of which was promised by the representative of Brazil at the August meeting of the Intersessional Committee.

The French exporters of spirits had grown impatient and failed to understand the delay on the part of the Brazilian Government in conforming with the provisions of Article III. He stressed that it was desirable, in the interests of the General Agreement, that the complaint be settled without further delay. It was not the intention of his Government to invoke the provisions of Article XXIII in this case and he hoped that during the course of their discussions in the next few days, the Brazilian delegation would be able to give a greater measure of satisfaction on this matter. He reserved the right, however, to take up this item again during the course of the present Session in case the explanations of the Brazilian delegation failed to satisfy his Government.

Mr. SANDERS (United Kingdom) shared the disappointment expressed by the representative of France that the Brazilian delegation had not yet been able to present a report on the progress of measures undertaken by their Government to alleviate the situation arising from the French complaint. His Government reserved its position on this matter.

Mr. VALLADAO (Brazil) expressed his Government's willingness to use the machinery of the General Agreement for the resolution of this dispute.

The CHAIRMAN said that the CONTRACTING PARTIES would take note of the statements by the Brazilian delegate and might revert to this item later in the Session.

4. United Kingdom Request to Renegotiate an Item in Schedule XIX

Mr. SANDERS (United Kingdom) recalled that the United Kingdom had entered into a negotiation with the Government of France at the Torquay Conference with a view to the modification of a rate of duty in Schedule XIX. In the negotiation which then took place, agreement was reached in part but it was found mutually convenient to suspend the negotiation regarding the remainder on the basis agreed upon with France that the CONTRACTING PARTIES might give sympathetic consideration to a request at a later date by the United Kingdom for an opportunity to resume negotiation. Those understandings were recorded in GATT/TN/2/SECRET/16 of 2 April 1951. He hoped the CONTRACTING PARTIES would now give their approval to a resumption of the negotiation, following the mutual desire of the United Kingdom and French Governments.

M. DONNE (France) confirmed the terms of the statement made by the representative of the United Kingdom and said the French delegation were prepared to resume the negotiation on the item in question and he hoped that the CONTRACTING PARTIES would authorise that step.

Mr. NOTARANGELI (Italy) observed that the above item also concerned Italy, and his delegation might request permission to participate in the negotiation with the United Kingdom.

Mr. SANDERS (United Kingdom) replied that although the item in question principally concerned France, he would be glad to discuss it with the Italian delegation. He would report on the results later in the Session.

The CHAIRMAN, speaking for the CONTRACTING PARTIES, assumed that the delegations of the United Kingdom and France would be authorized to resume the negotiation.

This was agreed.

5. Belgian Family Allowances (I/106, I/127 and I/134)

Mr. THAGAARD (Norway), referring to the report submitted by the Belgian Government (I/134), expressed his Government's regret that the discrimination in question had not yet been eliminated. After numerous approaches to the Belgian Government, which bore no results, his Government had brought this problem to the attention of the CONTRACTING PARTIES at the Sixth Session. At that time the representative of Belgium stated that his Government would shortly take steps to exempt Norway from the levy, and the matter was postponed until the Seventh Session. No action, however, was taken by the Belgian Government and the CONTRACTING PARTIES at their Seventh Session recommended to the Belgian Government "to expedite the consideration and the adoption of the necessary measures, consistent with the General Agreement, including a possible amendment of the Belgian legislation to remove the discrimination complained of". The Norwegian Government felt that the Belgian Government had not given sufficient attention to this matter; they were not satisfied with the statement made by the Belgian delegation (I/134) and recommended that further discussion of the matter be postponed until later in the Session. He hoped that the Belgian delegation would be able to report before the end of this Session that the matter had been submitted to the Belgian Parliament and that a practical solution had been obtained at least with regard to the Norwegian complaint.

Mr. SEIDENFADEN (Denmark) said that the report of the Belgian Government was most disappointing. This case had been before the CONTRACTING PARTIES for many years. The Belgian Government had assured his delegation, during the discussions at the Sixth Session, that a solution was "just around the corner". The report contained the Belgian Government's conclusion that the provision of the law relating to "allocations familiales" was of a mandatory nature. This question of the mandatory nature of the law was as old as the case itself and he drew the attention of the CONTRACTING PARTIES to the last year's report of the Panel on Complaints (First Supplement to Basic Instruments and Selected Documents, page 61), where the statement of the Belgian representative was recorded as saying that the granting of exemption had been possible. He recalled the recommendation of the CONTRACTING PARTIES to the Belgian Government that they should expedite the adoption of the necessary measures, including the possible amendment of the legislation. He found it rather difficult to believe in the good faith of the Belgian Government in this matter and he requested permission to put a few questions to the representative of Belgium:

- (i) How could the Belgian Government maintain that the problem could only be resolved by legislation when they could grant to the Government of Switzerland the very treatment that the Danish Government had been requesting for years?
- (ii) When could one expect the adoption of the new legislation by the Belgian legislature?
- (iii) What special remedies did the Belgians have in mind in suggesting the initiation of talks?

Mr. Seidenfaden said he was in favour of a strong recommendation by the CONTRACTING PARTIES to the Belgian Government that they should demonstrate their goodwill by speeding up a solution for this complaint. He admitted that there was good reason, in this case, to commence using retaliatory measures but, in the opinion of the Danish Government, retaliation was not the right solution to any question and they did not intend to ask the CONTRACTING PARTIES for permission to use retaliation, although they would be willing to support requests from other contracting parties for permission to retaliate if that should have the effect of making the Belgian Government a little more interested.

He trusted that this dispute would soon disappear from the agenda of the CONTRACTING PARTIES.

Mr. HAGEMANN (German Federal Republic) recalled that during the Seventh Session, the German delegation had joined by a verbal statement in the complaints lodged by Denmark and Norway with regard to the levying of compensatory charges on purchases by Belgian Public Authorities. At the close of the Seventh Session, the CONTRACTING PARTIES recommended to the Belgian Government to abolish these taxes through adequate measures in accordance with its obligations under the most-favoured-nation clause. Since the Belgian Government had failed to comply with that recommendation, the Government of the Federal Republic of Germany had also decided to lodge a complaint.

The German delegation trusted that the prospective amendments to Belgian legislation announced in document L/134, would shortly be enacted and were ready to discuss any proposal for a solution with the Belgian delegation. For the past two years bilateral negotiations had remained fruitless and the German Government therefore hoped that some agreement could be reached shortly which would obviate the evocation by the Federal Republic of Article XXIII of the General Agreement.

Mr. ENDERL (Austria) recalled that Austria had also lodged a complaint in the course of the Seventh Session (W.7/53/Add.2). He hoped that Belgian legislation would be amended satisfactorily in the near future and that the position would be brought into line with the spirit of the General Agreement.

Referring to the talks mentioned in L/134, and which had hitherto produced no satisfactory results as far as the countries involved were concerned, he hoped the Belgian delegation would report this discussion to their Government and recommend a speedy solution.

Mr. NOTARANGELI (Italy) referred to document L/106 which drew attention to the unfavourable situation in which Italian interests were placed. Referring to the last paragraph of L/134, he was not satisfied with the explanation given and would urge the delegate for Belgium to bring the matter once more to the notice of his Government, and ask for a speedy solution.

Mr. VALLILA (Finland) stated that his Government too were not satisfied with the position. Finland and Belgium had negotiated in 1951 on the matter of the special Belgian charges. In 1952 the Finnish Government took no steps in the matter when the complaint was lodged by Norway, since the case was a similar one for Finland and some other Scandinavian countries. The Finnish Government had reported upon its own social legislation, but despite representations by their Minister in Brussels, there had been no result. Yet Switzerland in the previous year had been granted the very privileges by Belgium which certain contracting parties were now unsuccessfully claiming. He therefore supported the views of Denmark and hoped that Belgian legislation would be amended.

Mr. REISMAN (Canada) said that during the course of discussions on this item at the last Session, the Canadian delegation had indicated that Canadian trade interests were also adversely affected, and that Canada associated herself with the complaining parties. Since the last Session, the Canadian officials in Brussels had discussed the matter with the Belgian Government. However, they had been disappointed that no satisfactory measures had yet been taken by the Belgian Government to correct the situation. The Canadian Government had received numerous complaints lately from the adversely affected Canadian trade interests. If disputes of this kind were settled with greater facility and speed, it would go a long way to enhance the prestige of the General Agreement. His delegation gained some satisfaction from the fact that legislation was pending and that the Belgian Government was looking forward to a speedy solution. His delegation would be interested in learning what specific measures had been proposed by the Belgian Government for adoption by its legislature.

Mr. SVEC (Czechoslovakia) said that his Government was sympathetic to the point of view of the complaining parties. He hoped that it would soon be possible for Belgium to discontinue this type of discrimination.

M. QUERTON (Belgium) had listened attentively to the remarks of the contracting parties which had lodged complaints, and regretted he was unable to add anything further to the information contained in the Report by his Government. The English text gave the impression that only recently had the Belgian Government dealt with the item, whereas it had been deeply concerned about it for some time past and the problem had given rise to many exchanges between government departments during the past year. Seen from the Belgian angle, it was much more

complex than from the angle examined at the present Session. Despite all the comments which had been made, the Belgian Government maintained that the Order-Law of 19 December 1939 was of a mandatory nature, and that legislation of that kind could be amended only by an Act of Parliament. The solution of the problem had been delayed because the Belgian delegations to preceding sessions had not realised the matter would prove so complicated and had given certain assurances which it had proved impossible to implement at once. The Belgian Government had, after due consideration of the question, decided to table a Bill before Parliament, but this would take time.

He could assure the contracting parties which had lodged complaints that the Belgian Government would welcome efforts on their part to establish contact with them once more at their convenience. In conclusion, he would point out that it was not in the interests of Belgium to bring retaliatory measures upon herself or to compromise good international relations. He would undertake to report accurately to his Government on the discussion that had taken place and to submit for their consideration any recommendations which might be made to him.

The CHAIRMAN recalled the question of the delegate of Denmark why it had been possible for Belgium to grant exemption for one country while maintaining in the Report L/134 that this could not be done until new legislation had been passed by Parliament.

M. QUERTON (Belgium) replied that he could not answer the question without obtaining further instructions from his Government.

The CHAIRMAN voiced the disappointment of the contracting parties that the matter which had been before them for many years should not yet have been solved. The CONTRACTING PARTIES would revert to this item later in the Session when the delegate for Belgium might be in a position to supply a satisfactory answer or, failing that, when a decision could be taken as to the appropriateness of applying retaliatory measures.

That proposal was adopted.

#### 6. German Treatment of Imports of Sardines

Mr. HAGEMANN (German Federal Republic) stated that negotiations on this subject between Norway and his country were still in progress and he hoped that he would be able to report to the CONTRACTING PARTIES in a few days time on the results attained.

Mr. THAGAARD (Norway) confirmed the statement of the representative of Germany and hoped that he would be able to report satisfactory progress on this matter very soon.

The CHAIRMAN said that the CONTRACTING PARTIES would take note of the statements of the representatives of Germany and Norway and he hoped that the dispute would be satisfactorily resolved.

7. Greek Import Taxes (L/88)

Mr. PAPANONIS (Greece) stated that his Government was accused of violating the General Agreement at the Seventh Session, during which the French complained against the "contribution" imposed on certain imports by his Government. His delegation then stated that the contribution was the charge imposed on foreign exchange allocated for the importation of goods from abroad and was essentially a monetary measure, while the French contended that the tax was contrary to the provisions of Article III of the General Agreement. This matter had been examined by the Panel on Complaints during the Seventh Session but no solution had been reached. Following the Greek devaluation of the drachma in April 1953, the special import taxes were terminated. This action bore proof to the good faith of the Greek Government. The fears expressed by the French delegation at the last session, that these taxes would be retained even if the currency were devalued, were found to be untrue. However, the Greek Government felt satisfied that the French complaint was disposed of.

M. DONNE (France) expressed his Government's appreciation of the steps taken by the Greek Government to withdraw the special import taxes in respect of which the French Government had complained at the last Session.

Mr. REISMAN (Canada) agreed that the Greek Government had rectified the matter in an entirely satisfactory manner, and the manner in which the question had been dealt with might well serve as an example to other governments.

The CHAIRMAN recorded the pleasure of the CONTRACTING PARTIES at the correction of the measure under consideration.

8. Greek Import Duty Coefficients (G/51)

Mr. PAPANONIS (Greece) reported that the coefficients concerned had been increased as a result of a threatening budgetary situation. The Government, however, had recognised that the measure constituted an infringement of the General Agreement and had undertaken to rescind the Order in question. By 20 July 1953 that undertaking had been fulfilled by virtue of an Order rescinding the previous one taken by the Council of Ministers (subject to subsequent ratification by Parliament). The previously existing rates had thereby been re-established. The recent Order had now been ratified by Parliament; it was published on 3 August 1953 under No. 2540, and appeared in the Official Gazette Vol. A 226 of 23 August 1953. He expressed his gratitude to the United Kingdom for the sympathetic attitude shown in the matter.

The CHAIRMAN noted that the measures taken by the Greek Government were acceptable to all contracting parties. In particular, the delegations would be pleased to note that Mr. Papanonis had himself greatly contributed to this satisfactory solution.

Mr. PAPANONIS (Greece) expressed his gratitude to all the delegations who had spoken, to the CONTRACTING PARTIES, and to the secretariat whose efforts had greatly contributed to the solution of these difficult questions.

9. French Tax on Imports and Exports (G/46/Add.4)

M. DONNE (France) apologized for not submitting a report on the above item, but could give verbal explanations which would doubtless be satisfactory to the United States. The attention of the French Government had been drawn to the matter of the tax on imports and exports which had been established to provide a fund for social assurance in favour of land workers. The tax was 0.4 per cent ad valorem on all imports and exports from and to all countries including France's metropolitan and overseas territories. The tax was a purely fiscal measure and was of a provisional character, to provide funds for the purpose stated until such time as there would be a permanent fund for agricultural workers. The low figure - 0.4 per cent - could scarcely have an appreciable incidence on the products of importation or exportation of the individual countries, but the French Government agreed that it did infringe the provisions of the General Agreement. They therefore took steps to abolish that tax and although it still showed on the 1953 national budget of France, it would be removed as from 1 January 1954. He hoped the CONTRACTING PARTIES would appreciate this gesture on the part of the French Government.

Mr. W. BROWN (United States) expressed his gratification at the consideration which the French Government had given this question, and at the prompt action taken by them in suppressing a tax which was contrary to the provisions of the General Agreement.

The CHAIRMAN voiced the satisfaction of the CONTRACTING PARTIES that France had at once taken steps to conform to the provisions of the General Agreement.

10. Brazilian Compensatory Concessions (G/46/Add.4)

Mr. VALLADAO (Brazil) stated that unfortunately his delegation was not prepared as yet to report favourably on the complaint made by the United Kingdom and the United States and appealed to their Governments for more time during the intersessional period in which his Government hoped to reach a solution. He assured the CONTRACTING PARTIES that if the desired result was not reached by that time his Government would be prepared to consider compensatory measures.

Mr. BROWN (United States) stated that his Government had joined the United Kingdom Government in proposing this subject for the Agenda of the Eighth Session because they were concerned that such a long period had elapsed since the compensatory concessions had been agreed upon by Brazil at Annecy. He appreciated the statement made by the representative of Brazil and hoped that these compensatory measures could be made effective soon. His Government would very much like to

consult with the Brazilian Government in regard to what adjustments could be made. He requested the CONTRACTING PARTIES that this item be retained on the Agenda and ad interim they would consult with the Brazilians in the hope that a solution could be reached.

Mr. SANDERS (United Kingdom) stated that his delegation associated themselves with the proposals of the United States.

Mr. VALLADAO (Brazil) thanked the representatives of the United States and the United Kingdom for their statements and hoped that he would be able to report satisfactorily to the CONTRACTING PARTIES before the end of the Session.

The CHAIRMAN hoped that a reasonable solution would be forthcoming and that this subject would not appear again on the Agenda of the CONTRACTING PARTIES.

11. Financial Statement for 1953 and Budget Estimates for 1954 (L/121, L/105 and Add.1)

The DEPUTY EXECUTIVE SECRETARY introduced the Financial Statement for 1953 and the Budget Estimates for 1954. He compared the present position of the GATT finances with the position in 1951 - the first year in which the budget was financed only through members' contributions. In 1951, the probable expenditure of the secretariat as a continuing organization was estimated at a figure which substantially exceeded the probable income derived from the contributions, i.e. about \$300,000. There was no working capital fund and contributions came in late and irregularly and there was a debt to the United Nations which was of the magnitude of one year's income. As regards the present position, if the proposals submitted by the secretariat were approved, the debt to the United Nations would be repaid by the end of the year and there would be a cash reserve of \$150,000 to meet extraordinary expenditure. The expenditure had been kept within the limits of actual receipts. Contributions were at about the same level as in 1951 and they came in regularly and promptly as a rule. This had been achieved because the CONTRACTING PARTIES had adopted a business-like attitude in dealing with financial matters and had supported the efforts of the secretariat to run its affairs in a business-like manner.

It was proposed to keep both the expenditure and the income next year at the same level as during the preceding years in spite of the increase in the work load. This proposal was put forward on the assumption that the CONTRACTING PARTIES would also accept the proposals regarding the disposal of the surplus and the magnitude of the cash reserve.

Mr. BROWN (United States), Mr. CLARK (Australia), Mr. REISMAN (Canada), Mr. BANSAL (India) and Mr. SINCLAIR (United Kingdom) paid tributes to the secretariat and appreciated the economic and efficient way in which the affairs of the secretariat were handled.

Mr. MACHADO (Brazil), associating his delegation with the comments made by various delegations on the efficiency of the secretariat, said that simultaneous interpretation for the meetings of the CONTRACTING PARTIES which had been used at the last few meetings should be continued.

The CHAIRMAN proposed that a Working Party be established with the following terms of reference:

"To examine any questions arising in connection with the financing of the 1953 Budget and the proposals for the Budget of 1954, and to submit recommendations thereon"

The membership of the Working Party would comprise representatives of the following countries:

Australia	Dominican Republic
Burma	Finland
Canada	France
Czechoslovakia	United Kingdom
	United States

Chairman: Mr. O. Machado (Brazil)

The CONTRACTING PARTIES agreed.

The meeting rose at 1 p.m.

