

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.8/18

31 October 1953

Limited Distribution

CONTRACTING PARTIES
Eighth Session

SUMMARY RECORD OF THE EIGHTEENTH MEETING

Held at the Palais des Nations, Geneva,
on Friday, 23 October 1953, at 10 a.m.

Chairman: Mr. Johan MELANDER (Norway)

- Subjects discussed:
1. Report of Working Party on Article XXVIII - Adoption of Draft Declaration
 2. Report of Working Party on European Coal and Steel Community
 3. German Treatment of Imports of Sardines
 4. United States Duty on Dried Figs - Adoption of Resolution
 5. Time Limit for Application of Part II of Article XX - Approval of Decision
 6. Convention on Importation of Samples and Advertising Material
 7. Status of Protocols
 - a) Uruguay's Request for Extension of Time Limit to sign Ancey and Torquay Protocols
 - b) First Protocol of Rectifications and Modifications
 - c) Second Protocol of Rectifications and Modifications
 8. Indian Request to Renegotiate in Item in Schedule XII

1. Report of the Working Party on Article XXVIII (G/54)

Mr. SAHLIN (Sweden), in submitting the Report as Chairman of the Working Party recalled that on 21 September many delegations had stated their willingness to forego the right of recourse to Article XXVIII for a further period. Several delegations, however, had said that their governments would prefer to retain the right of recourse to the renegotiation provisions of Article XXVIII, since they might be compelled to make an upward revision of some of the duties bound in their schedules. The Working Party had, therefore, two tasks: 1) to prepare the

text of a declaration extending the life of the schedules, and 2) to examine the special difficulties mentioned by some delegations. To meet the first requirement, the Working Party now submitted to the CONTRACTING PARTIES the text of a declaration (Annex to G/54) similar to that of April 1951 by which the assured life of schedules had been extended until 1 January 1954. The extension now proposed was for eighteen months - until 1 July 1955 - by which time those governments which were undertaking a review of their commercial policy would doubtless have completed that task, and, furthermore, the CONTRACTING PARTIES would have completed their review of the General Agreement. Regarding the second task, the Working Party reached the conclusion that the modification of tariff rates which might be needed by some of the contracting parties, could more properly be carried out under the provisions of Article XVIII. That Article and others could serve, in specific cases, whereas other revisions of duties could be dealt with, as in the past, by special dispensation. Whenever contracting parties, experiencing special difficulties, had requested authorization to renegotiate one or more items in their schedules, those requests had been received with sympathetic consideration. The Working Party thought this procedure should be continued.

It was not known whether all the governments who had special problems would be able to sign the Declaration. For those who could not sign it, their relations with other contracting parties would remain subject to the provisions of Article XXVIII, i.e., signatory and non-signatory would retain the right of recourse to Article XXVIII in respect of the concessions which they initially negotiated with each other. Thus the text submitted contained a reciprocity clause and did not admit of signatures with reservations in respect of specified items. If the text were adopted, the schedules of tariff concessions could be maintained during the transitional period while commercial policies and the Agreement itself were under review.

Mr. VARGAS GOMEZ (Cuba) said his delegation had followed with great interest the discussion in the Working Party and had carefully studied the document now submitted for consideration by the CONTRACTING PARTIES. The Government of Cuba considered there was some lack of equilibrium and flexibility in the solution suggested to conciliate the position of those contracting parties which were facing tariff difficulties, and those which had endeavoured during the Eighth Session to prevent the use of the facilities of Article XXVIII, perhaps because their own tariff problems, if any, were not urgent. He did not agree with the view that tariff difficulties were the same for all contracting parties. Three main conclusions might be reached when considering document G/54: 1) it contained no provision entitling renegotiation of a tariff item, should a contracting party require to make a change, the possibility of such action being conditioned by the consent of the contracting party with which the concession had been originally negotiated and the consent of the other contracting parties; 2) when a renegotiation was initiated after acceptance by the contracting party concerned, the contracting party which requested renegotiation could not modify the duties involved unless agreement was reached with the contracting parties affected; 3) signature of the Declaration and, consequently, the enjoyment of the benefits

of the tariff concessions which had been thereby rebound, would be permitted, only to contracting parties who signed it unreservedly. Should they have reservations, they would forfeit the right of signature and would also lose the stability of their concessions in all schedules of all contracting parties. The formula suggested was too rigid. That tendency to inflexibility was also perceptible in the reciprocity clause, since in the event of not signing the Declaration, a contracting party would be left out of the rebound structure of tariff concessions.

The Government of Cuba felt uneasy at that policy for it could not only affect their interests but involved an important question of principle. The suggestion by a group of contracting parties at the present Session not to invoke the provisions of Article XXVIII, coupled with the reciprocity clauses, amounted, under pressure of present circumstances, to a deviation from the spirit and letter of the General Agreement. Mr. Vargas Gomez regretted that a compromise formula had not been found which would unequivocally have entitled contracting parties which had expressed concern about their tariff difficulties to renegotiate certain items. It might also have been appropriate for the reciprocity clause to be invoked only by the contracting parties affected by a reservation. The Cuban Government felt concern for the future of the General Agreement if Article XXVIII, which was a necessary escape clause, could not be applied by countries which, in their process of economic development, required to make periodical tariff adjustments. The provisions of such an international instrument ought to be adaptable to the needs and difficulties of countries. Nevertheless, the Cuban Government would accept the solution proposed in document G/54, on the understanding that in future, Article XXVIII would be freely applicable, and that a genuine spirit of conciliation predominated in the debates of the CONTRACTING PARTIES.

Mr. WILGESS (Canada) said that in the circumstances prevailing at the present Session, the prolongation of the assured life of the schedules was an essential step in the programme envisaged for the future of the General Agreement. That measure was particularly important in relation to the transitional period when governments would be considering ways and means of making further advances towards a freer system of international trade. The Canadian delegation, therefore, strongly supported the recommendation of the Working Party that the CONTRACTING PARTIES agree not to invoke the provisions of Article XXVIII:1 prior to 1 July 1955. That formula should effectively guarantee that there would be no unravelling of the schedules during this transitional period. He observed that the difficulties confronting the CONTRACTING PARTIES in accepting a commitment such as the above, were practically common to all. He therefore was in favour of prolonging the assured life of the schedules without reservation, but agreed to the efficient procedure suggested by the Working Party that cases arising in exceptional circumstances might be examined. That unexceptional procedure would safeguard the Agreement for the present time, since it did not seem possible to discover any better means of containing effectively the pressure for withdrawals which might arise if facilities for such action were granted on a general or individual basis. The tariff stability thus ensured would assist effective preparation for the important discussions on the future of the General Agreement.

Mr. MACHADO (Brazil) referred to paragraph 7 of document G/54 relating to a question raised by his delegation in the Working Party. Full satisfaction had been accorded to his request and he would therefore withdraw the Brazilian proposal. He agreed with the delegate for Cuba that the formula suggested was not entirely satisfactory, but with a view to the future he would accept it. To open the door to reservations and waivers would be to weaken the organism. He was therefore prepared to make a further sacrifice of eighteen months and retain the tariffs at the level at which they had been negotiated some years before, on condition that the Agreement should be reviewed in 1954.

Mr. PRESS (New Zealand) stated that the procedures outlined in the report of the Working Party and the draft declaration deprived the contracting parties of certain rights. In his view the rights of the individual contracting parties affected by the special procedure prescribed in Article XXVIII should be preserved. His delegation, therefore, would abstain from signing the declaration.

Baron BENTINOK (Netherlands) stated that his Government in principle was in agreement with the idea of a further binding of the tariff schedules for a period of eighteen months. This would also relate to the overseas dependencies of the Kingdom of the Netherlands, subject however, to a reservation which had to be made for the Netherlands Antilles. Referring to his statement to the CONTRACTING PARTIES on 25 September 1953, he said that the status quo as far as the Netherlands Antilles was concerned could only be maintained until the end of June 1954, whereas after that date they would have to take the liberty to modify the treatment, which has been accorded in the Benelux Schedule with respect to the Netherlands Antilles. This decision had to be taken because the present tariff of the Netherlands Antilles was entirely out of date and was at an extremely low level. For fiscal purposes a general revision of the tariff was under consideration by the Antillian Government and it was expected that a new tariff will be enacted in the near future. This revision had been expected to take place during 1952, but the revision had been postponed in view of the fact that the tariff of the Netherlands Antilles was in part bound under the General Agreement until the end of 1953 and from that date, as was expected, they would be in a position to make the necessary modifications in the concessions. Although this meant a further postponement, the Antillian Government nevertheless had expressed its willingness to maintain the concessions until 1 July 1954. That date, however, must be considered as the ultimate date for the prolongation of the concessions, as a revision was absolutely necessary for revenue purposes since the income out of customs duties played a very important role in the Antillian Government's revenue.

The Government of the Netherlands were fully aware of the disadvantages of making a reservation in the light of the fact that a signature which was made subject to a reservation would not be recognised. However, the Government of the Netherlands deemed it necessary to have in some way or another an assurance that a revision of the Antillian tariff could be made effective in time.

The Working Party had considered ways and means to meet special difficulties which might arise during the proposed period of prolongation. The report (G/54) contained provisions and arrangements which would enable contracting parties, in exceptional circumstances, to obtain the authority for renegotiations, so that there would be no need for contracting parties to attach reservations to their acceptance of the Declaration. He hoped that the safeguards would apply to the Antillean case and the request for renegotiations on the Antillean concessions would be dealt with in a favourable way. The representative of the Netherlands trusted that that would result in a satisfactory solution of their problem and therefore his Government was prepared to sign the Declaration at the close of the Eighth Session.

Mr. BROWN (United States) was in agreement with the view expressed earlier by the representative of Canada about the vital importance of maintaining tariff stability during this difficult transitional period. He felt that there was a general recognition among the contracting parties that the procedures suggested by the Working Party in their report (G/54) were satisfactory. The rebinding would mean some difficulties for some countries including the United States. However, in view of the basic objectives of the CONTRACTING PARTIES it seemed that the solution was equitable. He was sure that in special cases the attitude of the CONTRACTING PARTIES would be sympathetic. He commended the report of the Working Party and hoped that practically all the contracting parties would sign the Declaration prolonging the present schedules.

Mr. SUIJTERS, (Belgium) stated that the Belgian Government was in principle in favour of prolonging the present schedules but had certain requests for revision of tariff items and hoped that those requests would be sympathetically considered by the CONTRACTING PARTIES.

Mr. SINGH (India) stated that the views of his Government had been fully expressed to the Working Party which took note of their special difficulties. He hoped that the CONTRACTING PARTIES would give sympathetic consideration to the requests for renegotiations. His Government was prepared to support the report of the Working Party and he hoped to receive instructions to sign the Declaration soon.

The CHAIRMAN said there was general agreement that the report of the Working Party should be adopted. The Declaration would be open for signature from 24 October until the end of 1953.

The Report of the Working Party and the Declaration on the Continued Application of Schedules were adopted.

2. Report of the Working Party on European Coal and Steel Community (G/56)

Mr. KILGOUR (Canada) submitted the Report on behalf of the Chairman, Mr. Isbister. The Working Party had examined the first Annual Report (L/120) of the member States of the European Coal and Steel Community. He acknowledged

the useful contribution made by the representatives of the High Authority who had helpfully provided the necessary information. It had been clear that the High Authority and the member States were expected by the CONTRACTING PARTIES to pursue policies which were in full conformity with the commitments under the General Agreement and the terms of the waiver granted on 10 November 1952. It had been equally clear that among the contracting parties, there was a sympathetic attitude towards the Community and a widespread desire to see it succeed and prosper. The Report which had been examined covered the relatively short period during which the Community had been operating, and raised a number of important questions in regard to which no final conclusion could be reached at the present time. However, since the examination of that Report might set precedents for the future, the Working Party considered it important to establish an effective procedure for scrutiny of the Report and its implications. In the Working Party, representatives of the member States played a dual role, first as contracting parties wishing to maintain the full integrity of the General Agreement, and second as participants in the Coal and Steel Community. All the member States had shown willingness to provide information relevant to their commitments under the European Coal and Steel Community and their willingness to live up to their obligations under the General Agreement. Attention of the CONTRACTING PARTIES should be devoted in particular to the recommendations of the Working Party in paragraph 32 of the Report.

Mr. SAHLIN (Sweden) remarked that the task which had confronted the Working Party had been difficult and important. It had been difficult because there had been no precedent to serve as a guide in considering the Report. It had been important because the methods for scrutinizing the Report in the Working Party would set up a precedent for any future action which might have to be taken in connection with Community matters. He felt the Working Party had performed that delicate task satisfactorily and wished especially to thank its members and Chairman as well as the Deputy Executive Secretary for the Report which they had drawn up. Useful information had been obtained regarding the important aspects of relations between the Community and the contracting parties other than the member States, which, in some instances, it would have been impossible to obtain through other channels. His delegation was in favour of approval of the Report by the CONTRACTING PARTIES.

Mr. ENDERL (Austria) was grateful that the Working Party had not only afforded an occasion for a general exchange of views on the Community, but had also considered the specific problems of Austria. He thanked the members of the Working Party for their sympathetic consideration of those problems, and he hoped that a satisfactory solution would be found for them. He paid a tribute to the Working Party and the Deputy Executive Secretary on their splendid report. The Austrian delegation accepted the suggestions and proposals made by the Working Party.

Mr. THAGAARD (Norway) congratulated the Working Party on their Report. The Norwegian delegation found it satisfactory mainly because it had been accepted by the six member States and the representatives of the High Authority. This

was promising in view of the future activities of the Community and would serve as a model for further reports. The Norwegian delegation hoped that the Community would be of benefit not only to the member States but to outside countries in the important economic fields which it covered. He was in favour of adopting the Report in the hope that more definite results would become evident in the following year.

Mr. SANDERS (United Kingdom) congratulated the members of the Working Party and not least the representatives of the High Authority and of the member States on their very useful Report. He referred, particularly, to paragraphs 11 and 12 of the Report relating to the intention of the member States to harmonize their coal and steel tariffs, and to the replies of the High Authority and the member States to some of the questions raised in that connection. He wished to state that the United Kingdom should not be regarded as accepting the principle which he thought was implicit in those paragraphs and in some of the answers given in the Working Party, that countries outside the Community were under an obligation to make tariff concessions to the Community countries in return for reductions in duties resulting from the implementation of that intention.

Mr. BROWN (United States) considered that the Working Party had made an important contribution to a better understanding of the problems raised by the operation of the Coal and Steel Community, as well as of the potentialities of that important new institution which offered so much promise in the economic life of Europe. The United States delegation were particularly gratified that it had been planned to complete the negotiations envisaged under Section 14 of the Transitional Provisions, and the discussions which had taken place in the Working Party had materially contributed to a better understanding of the problems of specific outside nations in connection with those negotiations. They had been gratified by the assurances of the High Authority in relation to the existing arrangements among producers in the member States, and noted that the High Authority would be reviewing its findings in relation to the effect of those arrangements upon the objectives of the Treaty, and would be prepared to avoid possible damage to the interests of outside countries. This first review had set an excellent pattern for future reports, and he looked forward confidently to a continuation of close and constructive relationships between the Community and the CONTRACTING PARTIES in coming years. He wished to pay a tribute to representatives of the member States and the High Authority for their constructive attitude and their active co-operation in the review just concluded.

Mr. SVET (Czechoslovakia) stated that as the Report implied approval of the Schuman Plan, his delegation had not changed their position, as explained in his previous statements.

Mr. ELVINGER (Luxemburg), speaking on behalf of the six member countries, said the Report was in line with the letter and spirit of the waiver of 10 November 1952. He paid tribute to the wisdom and understanding of the Chairman of the Working Party, which had greatly contributed to the successful drafting of the Report, and to the Deputy Executive Secretary who had taken such an active and

efficient part in their activities. He also wished to thank the contracting parties who were not members of the Community for their understanding of the Community's problems. On behalf of the six member countries, he would not wish to confine future action to the letter of the waiver, but would be guided by its preamble. The six member countries were at the disposal of the CONTRACTING PARTIES to supply them with all necessary data, and he could assure them that the interests of third countries would be kept constantly and prominently in mind.

Mr. GIRETTI (Representative of the ECSC) thanked the Chairman of the Working Party and the representatives of non-member countries, and the secretariat, who had contributed so ably and with so much understanding to the task of the Working Party.

The CHAIRMAN in summing up, said that Mr. Isbister had proved a most competent Chairman and he would ask Mr. Kilgour to convey to him the thanks of the CONTRACTING PARTIES. The unanimous opinion of the CONTRACTING PARTIES was that the Report was an excellent one and that both the six member countries and the other contracting parties were satisfied with it. The representatives of the High Authority had contributed most substantially to clarifying those very difficult matters. That first examination of the work of the ECSC by the CONTRACTING PARTIES was a good omen for future collaboration between the two organizations.

The Report of the Working Party on the European Coal and Steel Community was adopted.

3. German Treatment of Imports of Sardines (G/52)

Mr. HAGEMANN (Germany) said that in document G/52 the representatives of Germany and Norway jointly informed the CONTRACTING PARTIES that bilateral discussions had led to an agreement between the two Governments. In the same document the Governments had requested that the item be now deleted from the agenda of the CONTRACTING PARTIES.

Mr. IBSEN (Norway) concurred with the statement of the representative of Germany.

Mr. BROWN (United States) expressed his Government's appreciation that the two parties concerned had reached a solution. He hoped that the contracting parties would soon be furnished with the details agreed upon by the two Governments.

Mr. HAGEMANN (Germany) said that his delegation would furnish the secretariat with full information on this subject for transmission to the contracting parties.

The CHAIRMAN said that the CONTRACTING PARTIES would note the statement by the Norwegian and German Governments and would delete the item from their agenda.

4. United States Duty on Dried Figs - Adoption of Resolution (L/161)

The CHAIRMAN asked if the draft resolution was acceptable to the contracting parties.

The draft resolution was adopted.

5. Time Limit for Application of Part II of Article XX - Approval of Decision (I/159)

The CHAIRMAN asked if the draft declaration was acceptable to the contracting parties and said that a two-thirds vote would be necessary for its adoption.

The Decision was put to the vote: thirty were in favour and none against.

The Decision was adopted.

6. Convention on Importation of Samples and Advertising Material (G/47 and Addenda)

The CHAIRMAN drew attention to the recommendation of the Intersessional Committee that contracting parties be invited at this Session to indicate their intentions concerning their acceptance of or accession to this Convention. As reported in G/47 and Addenda, seven governments (Belgium, Germany, Greece, Sweden, United Kingdom and United States) had signed the Convention, but it had not yet been ratified or accepted by any of them. Pakistan had acceded to it. He pointed out that the Convention required fifteen acceptances or accessions to enter into force. He felt that it would be useful to have some information as to when contracting parties expected to complete their internal arrangements to enable them to accept or accede to that Convention.

Mr. ENDERL (Austria), Mr. ISIK (Turkey), M. LECUYER (France), Mr. BROWN (United States), Dr. HELMI (Indonesia), Mr. VALLILA (Finland), Mr. NOTARANGELI (Italy), Mr. SEIDENFADEN (Denmark) and Mr. PAPATZONIS (Greece) stated that steps were being taken by their respective Governments to obtain approval of the Convention.

The Chairman then read the following statement:

"The Convention provides that it shall be open for signature by contracting parties to the GATT and by members of the United Nations and by any other government to which the Secretary-General of the United Nations will have communicated a copy for this purpose. The Executive Secretary proposed and the Secretary-General agreed that copies of the Convention should be sent to governments which are not members of the United Nations or contracting parties to GATT but which were invited to the United Nations Conference on Trade and Employment. It was also agreed with the Secretary-General that he would send copies to members of specialized agencies interested in

economic questions, but the Secretary-General advised that although the Government of Spain fall in this category, he did not feel authorized to send a copy to that Government without a specific request from the CONTRACTING PARTIES. The Intersessional Committee therefore recommends that the CONTRACTING PARTIES should request the Secretary-General to send a copy of the Convention to the Government of Spain. Further, a literal reading of Articles IX and X of the Convention has a restrictive effect in that these Articles do not appear to provide that the Convention will be open to accession by countries which subsequently become members of the United Nations or specialized agencies after 30 June 1953. Therefore, I propose that the CONTRACTING PARTIES should request the Secretary-General to send a copy to any other government which is a member of the United Nations or of any specialized agency dealing with economic questions and to any government which may in the future become a member of the United Nations or of such a specialized agency. I also propose that the CONTRACTING PARTIES agree that the Convention should be construed as being open to accession by any country to which the Secretary-General of the United Nations shall at any time communicate a copy of the Convention for the purpose of accession."

The Chairman enquired whether these recommendations were acceptable to the CONTRACTING PARTIES; if they were, the Secretary-General would be notified accordingly.

This was agreed.

7. Status of Protocols:

(a) Uruguay's Request for Extension and Adoption of Decision (I/158, I/163)

The CHAIRMAN pointed out that the adoption of the request by the Government of Uruguay for an extension of the time limit to sign the Annecy and Torquay Protocols would require a two-thirds vote.

Mr. BROWN (United States) was prepared to adopt that Decision but he earnestly hoped that the matter would soon be settled. It was extremely difficult under United States legal procedure that a matter would soon be settled. It was extremely difficult under United States legal procedure that a matter which had been announced publicly some five or six years earlier should not yet have been put into effect, and he hoped that signature by Uruguay of the Annecy and Torquay Protocols would take place by the end of the current year.

The Decision extending the time limit until 31 December 1953 was unanimously adopted.

(b) First Protocol of Rectifications and Modifications

The CHAIRMAN announced that a cablegram had been received from the Secretary-General of the United Nations advising that Austria had signed this Protocol on 21 October 1953 and that, accordingly, the Protocol had entered into force on that day.

(c) Second Protocol of Rectifications and Modifications

The CHAIRMAN said that Austria, Burma, Chile, Cuba and Peru had not yet signed this Protocol.

Mr. ENDERL (Austria) reported that his Government would be in a position to sign this Protocol in the near future.

8. Indian Request to Renegotiate an Item in Schedule XII (SECRET/3)

Mr. KARMARKAR (India), referring to paragraph 3 of document SECRET/3, hoped that the request by the Indian delegation to negotiate the withdrawal of a concession would be accepted. It was the intention of his Government to offer a new compensatory concession.

Mr. SAHLIN (Sweden) pointed out that the concession in question had been negotiated with Sweden at Annecy in 1949. He was authorized to state that the Swedish Government were willing to enter negotiation with a view to compensatory concessions being offered by India.

Mr. KARMARKAR (India) thanked the Swedish delegate for his statement.

Mr. BROWN (United States) mentioned that his Government were also interested in the matter and would have no objection to the request by India. They would be interested in being kept informed of the progress of discussions.

Mr. ENDERL (Austria) said his Government were also interested in this item and would follow the negotiations between Sweden and India with interest and might ask to participate.

The CHAIRMAN enquired whether the CONTRACTING PARTIES were prepared to authorize the renegotiation proposed by India.

This was agreed.

The meeting rose at 1 p.m.

