

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES  
Twelfth Session

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## SUMMARY RECORD OF THE THIRD MEETING

Held at the Palais des Nations, Geneva,  
on Saturday, 19 October 1957, at 10 a.m.

Chairman: Sir Claude COREA (Ceylon)

- Subjects discussed:
1. Waivers: Australia/Papua-New Guinea;  
United Kingdom/Article I;  
United Kingdom/Dependent Overseas Territories
  2. Amendment Protocols: closing date for signature
  3. Trainee programme
  4. Accession of Switzerland
  5. Expiration of (Hard-core) Decision of 5 March 1955
  6. Procedures for application of Article XXVI:5(c)

1. Australia/Papua-New Guinea Waiver (I/705)  
United Kingdom/Article I Waiver (L/689)  
United Kingdom/Dependent Overseas Territories Waiver (L/690)

The CONTRACTING PARTIES took note of the annual reports submitted by the Governments of Australia and the United Kingdom which recorded that no action had been taken under these waivers since the Eleventh Session.

2. Closing date for signature of Amendment Protocols

The CHAIRMAN recalled that at the Eleventh Session the CONTRACTING PARTIES had extended until two weeks after the opening of the Twelfth Session the closing date for signature of the Protocol Amending Part I and Articles XXIX and XXX, the Protocol Amending the Preamble and Parts II and III, and the Protocol of Organizational Amendments. He suggested that the closing date for signature of these protocols be extended until the end of the Twelfth Session and that the CONTRACTING PARTIES consider later in the Session what further action they wished to take in the matter.

It was so agreed.

3. Trainee programme (L/706)

The CHAIRMAN invited the Executive Secretary to present the report on the second year of operation of the in-service training scheme for government officials holding UNTAA fellowships.

The EXECUTIVE SECRETARY stated that the programme had continued to give valuable results, in spite of the fact that accommodation difficulties had prevented an increase in the number of trainees in 1957; the study trips had proved particularly successful and he thanked the host governments which had spared no effort to make the visits fruitful. Turning to the programme for the future, he said that contracting parties were showing great interest in the facilities offered; on the other hand the UNTAA shared his view that, in order to conserve the high quality of the training offered, it would be imprudent to expand the programme further for the time being. Paragraph 9 of the report referred to a problem which called for a decision by the CONTRACTING PARTIES - that of granting fellowships to candidates from countries which were not contracting parties. While there was much to be said for giving priority to candidates from GATT countries, it should be kept in mind that the programme was financed by the UNTAA, hence by all the members of the United Nations, and also that if candidates were accepted from non-GATT countries it would mean that officials from such countries would become better acquainted with the working of the General Agreement, and in some cases this might even lead to accession.

Mr. MILHAUD (United Nations Technical Assistance Administration) expressed his Administration's gratification at the high degree of co-operation achieved with the GATT and the quality of the programme arranged. He emphasized, however, that the UNTAA was the department of the United Nations Secretariat which was responsible for contributing to the economic development of the underdeveloped countries. Technical assistance was open to all countries which demonstrated their need and met the conditions fixed for eligibility. The training scheme which had been arranged two years before with the GATT had been part of that pattern, intended in the first place to meet the needs of contracting parties, but its financing by the UNTAA had required a wide interpretation by the United Nations of the relevant regulations. The United Nations had many members which were not contracting parties to the GATT and it was therefore of great importance that some fellowships should be available for those countries. As in all cases, applications would be considered by the UNTAA and the GATT according to the needs of the countries concerned and the qualifications of the candidates. His Administration was not asking that a fixed proportion of fellowships should be set aside for non-GATT countries, but merely that the principle should be approved.

The CHAIRMAN thanked the representative of the UNTAA for his clear explanation.

Many representatives, including those of Burma, Ceylon, Chile, Czechoslovakia, Ghana, India, Indonesia, Pakistan, Peru, the Federation of Rhodesia and Nyasaland, Turkey and the United Kingdom, spoke in favour of the programme, which had achieved such a high degree of success, and of its importance to the General Agreement, and indicated that, in view of the explanations given, they would agree that candidates from non-GATT countries should in principle be accepted for the training programme, provided that applications from contracting parties were not jeopardized thereby. Mr. SUJAK BIN RAHIMAN (Federation of Malaya) recalled that he had participated in the programme, which had not only been most valuable for his work, but had also given him an opportunity to meet officials from many distant countries; he was happy to see that several other trainees had also returned to Geneva with the delegations of contracting parties.

Mr. DE LA FUENTE LOCKER (Peru) and Mr. RIBEIRO AYEH (Ghana) stated that their Governments would be submitting the names of candidates for fellowships to participate in the training programme.

Mr. MACHADO (Brazil) expressed his gratification at the successful continuation of the programme, which was so valuable both with regard to the universality of the General Agreement and also because it enabled government officials to acquaint themselves with the central working of the GATT. Furthermore, from the point of view of geographical distribution, the programme offered an opportunity for contracting parties which were not represented in the secretariat to send officials to Geneva for a short time. He strongly supported the proposal that the Executive Secretary should be authorized to accept two trainees from non-Member countries in 1958; all means should be explored to extend the membership of the GATT and the administration might even consider sending an official to visit those countries which had shown interest in the training scheme.

Mr. WILGRESS (Canada) noted that the UNTAA shared the view of the GATT that the training programme was of great importance and value; the CONTRACTING PARTIES would no doubt wish to record their great appreciation of the assistance and co-operation received from the Technical Assistance Administration. He wholeheartedly supported the Executive Secretary's proposal that in principle candidates from non-contracting parties should be accepted. Such a policy would facilitate continued co-operation with the United Nations in a scheme which was of interest to all contracting parties, since countries which sent trainees could then improve their own trade administration and commercial policy and all other countries would benefit thereby.

Mr. ADAIR (United States of America) associated himself with the remarks of the Canadian representative. The statement by the UNTAA representative had been of great interest, and there seemed no reason why candidates from non-GATT countries should not be accepted, provided that, as in the past, priority was given to those from contracting parties.

Miss SEAMAN (United Kingdom) said that her Government had been happy to welcome the groups of trainees in London. The visits had reciprocal advantages, in that they also gave government officials who were normally not directly associated with GATT matters an opportunity to widen their knowledge.

Mr. TREU (Austria), Mr. HAGEN (Sweden) and Mr. NAEGELI (Denmark) stated that their Governments had been glad to receive the trainees during study trips. The programme was of value both for the participants and also for the countries visited.

The CHAIRMAN recorded the appreciation of the CONTRACTING PARTIES for the assistance given by the UNTAA and by the host countries which had helped to make the programme a success. In the light of the explanations which had been given, he recommended that the CONTRACTING PARTIES should approve the principle that the Executive Secretary might accept trainees from countries which were not contracting parties, leaving the final selection to be made by the UNTAA and the Executive Secretary in consultation.

It was so decided.

4. Accession of Switzerland

The CHAIRMAN recalled that at their Eleventh Session the CONTRACTING PARTIES had agreed to the request of the Swiss Government to enter into tariff negotiations at some mutually convenient date in 1957 on the basis of a new Swiss tariff, with a view to provisional accession to the GATT.

Mr. HALM (Observer for Switzerland) said that, as announced to the Intersessional Committee in September, the new tariff was almost completed and copies would be transmitted to the CONTRACTING PARTIES early in November. Hence, his Government was desirous of entering into tariff negotiations at an early date with a view to associating Switzerland with the General Agreement.

The EXECUTIVE SECRETARY suggested that, since many contracting parties would have representatives in Geneva in January 1958 for the tariff negotiations with Brazil, the negotiations with Switzerland might conveniently be held at the same time.

The CONTRACTING PARTIES agreed that the tariff negotiations with Switzerland should take place at the same time as the negotiations with Brazil.

The CHAIRMAN asked contracting parties ~~wishing~~ to participate in the negotiations with Switzerland to notify the Executive Secretary not later than 1 November 1957.

5. Expiration of (Hard-core) Decision of 5 March 1955

The CHAIRMAN stated that the Decision in question was entitled: "Problems raised for contracting parties in eliminating import restrictions maintained during the period of balance-of-payments difficulties". The Government of Austria had requested that this item be included in the agenda. No documentation had been submitted.

Mr. TREU (Austria) stated that in view of the imminent expiry of the time-limit of 31 December 1957 in paragraph 1 of Section A of the Decision, by which time contracting parties must communicate their requests to the CONTRACTING PARTIES for their concurrence, his Government felt that the CONTRACTING PARTIES should, at this Session, arrive at a decision with regard to the extension of that time-limit. He pointed out that provision existed in that paragraph for extension of the time-limit by a majority vote under paragraph 5(a) of Article XXV. The circumstances which had prevailed at the time the Decision was taken in March 1955 were unchanged and the obligation for the elimination of quantitative restrictions might arise for several contracting parties after 31 December 1957 because balance-of-payments difficulties would cease only after that date. His Government proposed therefore that there be a prolongation of the Decision of 5 March 1955 and he requested the secretariat to distribute a paper containing more or less the full text of his statement.

Miss SEAMAN (United Kingdom) supported the Austrian proposal and pointed out that the Decision of 5 March 1955 was drafted in an atmosphere of greater optimism than at present obtained. While this view was generally recognized and the Austrian proposal supported, several other representatives added a note of caution. Mr. MACHADO (Brazil) suggested that the attendant aspects of balance-of-payments problems in connexion with an increase in the time-limit should be taken into account in the present round of consultations. Mr. WILGROSS (Canada), Mr. HOOGWATER (Kingdom of the Netherlands), Mr. ADAIR (United States) and Mr. RICHARDSON (Australia) thought that the time-limit should be extended only for a limited duration. Mr. GUNDELACH (Denmark) said that any decision to extend the time-limit for those countries still in balance-of-payments difficulties could only be taken after detailed consideration had been given.

The CHAIRMAN stated that the discussion on this question would be resumed in detail later in the Session. In the meantime the text of the Austrian statement<sup>1</sup> would be circulated.

6. Procedure for application of Article XXVI:5(c)

The CHAIRMAN drew attention to the fact that document L/618, issued by the Executive Secretary, which referred to paragraph 4(c) had been issued before the Protocol Amending that Article had come into force for two-thirds of the contracting parties; for those contracting parties the paragraph now bore the number "5(c)", but the text was unaltered.

The EXECUTIVE SECRETARY, introducing the item, said his suggestion was intended to avoid the uncertainty which sometimes prevailed regarding obligations under the General Agreement when a country or territory previously represented by a contracting party acquired autonomy in the conduct of its external trade relations, particularly when the acquisition of autonomy resulted from full independence. In such a case, the secretariat had found it difficult to advise governments of their legal position. He emphasized that his suggestion was only for a procedural arrangement and was in no sense a proposal to amend Article XXVI or to limit access to the facilities afforded by it; there would be no arbitrary time-limit, but one to be fixed by the CONTRACTING PARTIES after consultation with the representatives of the territory in question and of the responsible contracting party, and which could also be extended by mutual agreement if need be. Such an arrangement would, he felt, make a substantial contribution to the more effective application of the provisions of Article XXVI.

Mr. PHILIP (France) pointed out that paragraph 5(c) provided certain procedures to facilitate accession to the General Agreement; in his view the introduction of a compulsory time-limit would constitute a real amendment to those provisions. He recognized that there might be administrative difficulties in the intermediate period, but the legal position was very delicate. He suggested that the matter might be referred to a small group for detailed study.

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<sup>1</sup>This statement has been issued in document L/719.

Miss SEAMAN (United Kingdom) agreed that there might be uncertainty about the rights and obligations of contracting parties towards territories which had newly become independent if they did not indicate their intentions regarding the General Agreement within a reasonable time. Her Government had recently had some experience in the operation of the provisions of the paragraph and she agreed that it was desirable to find a procedure that would avoid uncertainty while at the same time taking into account the immense administrative problems facing countries which had newly achieved trade autonomy. Paragraphs (a) and (b) of the proposal of the Executive Secretary were acceptable to her delegation, but, as the French representative had pointed out, to fix a time-limit might constitute an amendment to the General Agreement by denying a right which previously existed and therefore paragraphs (c) and (d) of the secretariat draft should be re-drafted.

Mr. HAGEN (Sweden) thought that the point raised by the Executive Secretary should be carefully studied, and at the same time the CONTRACTING PARTIES might consider a procedure applicable in the event that sponsorship occurred at a time when they were not in session, for instance by providing for confirmation during the next session.

The CHAIRMAN proposed that a small group should be appointed to consider the matter and draft a text for consideration by the CONTRACTING PARTIES.

The CONTRACTING PARTIES approved the establishment of a drafting group, with the following members:

|                |                            |
|----------------|----------------------------|
| Mr. A. Philip  | (France)                   |
| Mr. G. Stuyck  | (Belgium)                  |
| Miss M. Seaman | (United Kingdom)           |
| Mr. W. Hollis  | (United States of America) |

The meeting adjourned at 12.30 p.m.