

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES  
Twelfth Session

## SUMMARY RECORD OF THE FIFTH MEETING

Held at the Palais des Nations, Geneva,  
on Thursday, 24 October 1957, at 10 a.m.

Chairman: Sir Claude COREA (Ceylon)  
Mr. L.K. JHA (India) (upon election)

- Subjects discussed:
1. Election of officers
  2. Admission of Malaya
  3. French stamp tax
  4. French special temporary compensation tax
  5. French discrimination - agricultural machinery
  6. Italian discrimination - agricultural machinery

### 1. Election of officers (L/707)

The CHAIRMAN announced that the Heads of Delegations, in accordance with the procedures to be followed in the election of officers, pursuant to rule 10 of the rules of procedure, had unanimously agreed to nominate Mr. L.K. Jha (India) for the chairmanship.

There being no other nominations, the CHAIRMAN declared Mr. L.K. Jha (India) unanimously elected as chairman for the ensuing year. He expressed his congratulations and good wishes to his successor.

Mr. L.K. Jha took the chair.

The CHAIRMAN thanked the contracting parties for the honour conferred on him by his election to an office which had previously been held by many distinguished persons. On behalf of contracting parties, he expressed his appreciation for the services rendered by Sir Claude Corea during his term of office, and extended his good wishes to Sir Claude in the new duties which awaited him.

Turning to the election of two vice-chairmen, he said that the Heads of Delegations had unanimously agreed to nominate Mr. Garcia Oldini (Chile) and Mr. Standenat (Austria); as, however, it was not certain whether Mr. Standenat would be available to serve during the whole of the period, it was proposed that Mr. Treu should also be elected to act for such period as Mr. Standenat might not be available.

There being no other nominations, the CHAIRMAN announced the unanimous election of these representatives as vice-chairmen.

Mr. AHMAD (Pakistan), Mr. JARDINE (United Kingdom), Mr. PEREZ CISNEROS (Cuba), and Mr. RIBEIRO AYEH (Ghana), spoke highly of the qualities shown by Sir Claude Corea as chairman of the CONTRACTING PARTIES during the past year, and congratulated the new chairman and vice-chairmen on their election.

Sir Claude COREA (Ceylon) thanked his colleagues for their past co-operation and for their kind words. He had been with the GATT almost since its inception and there was no organization of whose usefulness he was more convinced. He hoped that the work of the CONTRACTING PARTIES would continue to increase until it became an organization controlling wisely and well the trade affairs of the whole world.

2. Admission of the Federation of Malaya as a contracting party (L/691, L/699)

Mr. JARDINE (United Kingdom) stated that on 31 August 1957 the Federation of Malaya had attained full independence within the Commonwealth, thus acquiring full autonomy in the conduct of its external trade relations and of the other matters provided for in the General Agreement. Malaya had asked the United Kingdom to make the declaration of sponsorship pursuant to the provisions of Article XXVI:5(c), and it gave him great pleasure to make that declaration.

In reply to a question by the CHAIRMAN, Mr. TAN SIEW SIN (Federation of Malaya) stated that his Government understood the legal position of Malaya to be as set out in document L/699, and agreed with the terms of the draft Declaration relating to Malaya in that document.

The CONTRACTING PARTIES thereupon approved the draft Declaration, and the Government of the Federation of Malaya was deemed to be a contracting party pursuant to Article XXVI:5(c).

Mr. TAN SIEW SIN (Federation of Malaya) expressed his thanks to the CONTRACTING PARTIES upon the admission of Malaya to GATT so soon after independence, and to the United Kingdom for so readily sponsoring Malaya's membership. Although three-quarters of Malayan territory was still under jungle, external trade had developed in the space of two generations to reach in 1956 the level of 90 per cent of the estimated national income, and the standard of living was perhaps the highest in Asia. Tremendous possibilities of development still lay ahead. His Government was fully aware of its responsibilities and obligations under the General Agreement, and looked forward to playing an active part in the work of the CONTRACTING PARTIES.

Mr. CLARK (Canada) welcomed Malaya as a contracting party and looked forward to close and friendly co-operation in GATT.

Mr. RIBEIRO AYEH (Ghana) said that, as the representative of the most recently admitted contracting party, he had special pleasure in congratulating Malaya on accession.

The CHAIRMAN, speaking on behalf of all contracting parties, congratulated Malaya which was the second country to have acceded during the Twelfth Session. It was desirable, in the interests of the CONTRACTING PARTIES and of world trade as a whole, that the rights and obligations under the GATT should be undertaken by as many countries as possible, and he hoped that GATT membership would continue to expand.

Mr. OKUMURA (Japan), while sharing the views which had been expressed, reserved the position of his Government with regard to the fact that Malaya would be applying the provisions of Article XXXV:1 in relation to its trade with Japan.

3. French Stamp Tax (L/720)

The CHAIRMAN recalled that at the Tenth Session the representative of France had recognized that the complaint by the Government of the United States on the increase in the French stamp tax from 2 to 3 per cent of the customs receipts from import and export duties and taxes constituted a violation of the provisions of Article II and was also contrary to Article VIII in that the proceeds of the tax exceeded the cost of the services rendered. The French delegation had then reported that a measure had been submitted to Parliament providing for the restoration of the tax to 2 per cent.

Mr. André PHILIP (France), referring to the statement set out in document L/720, explained that although a special provision had been inserted in an article of the appropriation bill for 1957, the article in question had been separated from the rest of the bill in the course of the parliamentary debate. Notwithstanding his Government's efforts to reinstate this provision in the text the bill had finally been passed in an amended form which maintained the stamp tax at the rate of 3 per cent. To avoid similar occurrence in the forthcoming debate on the appropriation bill for 1958, a special separate article had been included in the text. The final decision which might be taken by Parliament could not be prejudged, but informal consultation with various members of Parliament seemed to indicate that there would be no opposition to this measure.

The CONTRACTING PARTIES took note of the French Government's intention to reduce the rate of the tax and asked that the contracting parties be informed when the measure in question has been approved.

4. French Compensation Tax (L/671 and L/708, Sec.I(e))

The CHAIRMAN explained that the report on the special compensation tax which the French Government had submitted to the Intersessional Committee in accordance with the Decision of 16 November 1956, indicated that the tax had been abolished on 10 August 1957 and replaced by other measures. As reported

in document L/708 the Committee had accordingly recommended that the CONTRACTING PARTIES consider the matter as settled and that any problems in connexion with the new measures could appropriately be raised in consultation with France under Article XII:4(b) at the Twelfth Session.

The CONTRACTING PARTIES adopted the recommendation by the Intersessional Committee.

5. French Discrimination against Imported Agricultural Machinery (L/695)

Mr. JARDINE (United Kingdom), presenting his Government's complaint, said that under a law of 10 April 1954, the French Government repaid 15 per cent of the cost to purchasers of agricultural machinery up to a maximum of 150,000 francs. By decree of 5 August 1957, the subsidy had been abolished in so far as it applied to imported agricultural machinery. This measure introduced discrimination against imported agricultural machinery and was therefore contrary to Article III of the Agreement. His delegation had already entered into bilateral discussions with the French representatives on this matter and would report to the CONTRACTING PARTIES at a later stage during the Session.

Mr. André PHILIP (France) said that although the measure taken pursuant to the decree of 5 August 1957 constituted an indirect subsidy to national production, it might be authorized by the provisions of paragraph 8 (b) of Article III of the Agreement. However, as the measure was admittedly of a discriminatory nature, the complaint by the United Kingdom was worthy of serious consideration. Before the question had been brought before the CONTRACTING PARTIES representations had been made to the French Government through several embassies in Paris. Studies had been undertaken by the interested ministries with a view to finding a satisfactory solution. His delegation agreed to the proposal by the representative of the United Kingdom to pursue the examination of the various aspects of the problem and hoped that the question could be settled before the close of the Session, for all ministries, except one, had already given their approval to cancel the measure. If no agreement could be reached the question could be brought before the CONTRACTING PARTIES.

Mr. HAGEN (Sweden) stated that the measure also constituted a serious threat to exports of Swedish agricultural machinery. Direct contacts with the French authorities had so far produced no results. His delegation would support the proposal of the United Kingdom delegation.

The CHAIRMAN proposed that the bilateral discussions should continue and that the results should be reported to the CONTRACTING PARTIES before the close of the Session.

It was so agreed.

6. Italian Discrimination against Imported Agricultural Machinery (L/649)

Mr. JARDINE (United Kingdom), introducing his Government's complaint, explained that under a law of 25 July 1952, the Italian Government granted loans on specially favourable terms to Italian farmers for the purchase of tractors and other agricultural machinery of domestic, but not of foreign, origin. In the opinion of his delegation this constituted a discrimination which was contrary to Article III of the General Agreement. The fact that no appropriation for this purpose had been made in the budget for the current fiscal year appeared to go some way to satisfy the complaint. However, the repayment of earlier loans would make new funds available to continue the discriminatory practice. His delegation therefore wished to pursue bilateral discussions on this matter with the Italian delegation. Further consideration of this issue by the CONTRACTING PARTIES could be deferred for two or three weeks.

Mr. PARBONI (Italy) said that the institution of a special fund to facilitate the purchase of agricultural machinery was only one of a great number of measures designed to ensure economic development and increase employment. The Law of 25 July 1952 provided inter alia for the undertaking of public works, the improvement of agricultural holdings, the granting of medium-term credits to industries and handicraft activities and for professional education. The measure referred to could therefore not be considered in isolation. Steps had already been taken to limit the application of this special provision and the budget for the current year did not include any appropriation for the special fund. As a consequence, since 1 July 1957, new loans were granted only at the rate permitted by the reimbursement of earlier loans. Mr. Parboni hoped that the discussions with the United Kingdom delegation would reach satisfactory results. Concerning the customs treatment for imports of tractors he could assure the contracting parties that pending the ratification of the Sixth Protocol of Supplementary Concessions the Italian authorities had proposed to apply unilaterally the rate of duty bound with the United Kingdom.

Mr. GUNDELACH (Denmark), supporting the views expressed by the delegate of the United Kingdom, indicated that his delegation wished to participate in the discussions, for his Government had also received complaints from Danish exporters of agricultural machinery.

Mr. HAGEN (Sweden) said that as a matter of principle his delegation would like the matter to be taken up again at a later stage in the Session if necessary.

The CHAIRMAN suggested that an opportunity be given for bilateral discussions to continue with a view to finding a mutually acceptable solution and that any contracting party interested should participate in the talks.

This was agreed.

The meeting adjourned at 11.15 a.m.