

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES
Twelfth Session

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SUMMARY RECORD OF THE TWENTY-SECOND MEETING

Held at the Palais des Nations, Geneva,
on Saturday, 30 November 1957, at 10 a.m. and 3 p.m.

Chairman: Mr. L.K. JHA (India)

Subjects discussed:

1. Statement by Observer for Poland
2. Consular Formalities
3. Consultations under Article XIII:4(b):
Reports on consultations with Australia,
Brazil, France, New Zealand and Pakistan
4. Eighth Annual Report on Discrimination
5. Balance-of-Payments Working Party - Final Report
6. Report of Working Party on German Import Restrictions
7. Article XVI: "Standstill" and Review
8. Cuban Tariff Reform
9. Deregistration of documents
10. Date of Thirteenth Session
11. Closing Remarks by Chairman

1. Statement by Observer for Poland

The CHAIRMAN invited the Observer for Poland to take the floor.

Mr. WITT (Observer for Poland) said that his delegation had much appreciated being able to attend the Twelfth Session. The discussions had confirmed his Government's opinion that GATT provided a most important forum for the discussion of all problems relating to international trade, and he hoped that in the future Poland would be able to co-operate with the CONTRACTING PARTIES in such a way as to make a useful contribution towards strengthening the principles of the General Agreement.

2. Consular formalities (W.12/32 and Add.1)

The CHAIRMAN recalled that at an earlier meeting he had agreed to consult with interested delegations and to make a proposal for action by the CONTRACTING PARTIES. Following discussions with various delegations and with representatives of the International Chamber of Commerce, a draft recommendation was now submitted for consideration (W.12/32 and Add.1).

Mr. GARCIA OLDINI (Chile) said that, as on previous occasions with regard to similar recommendations, he wished to reserve the position of his Government.

Mr. MACHADO (Brazil) said that, while recognizing that the proposed recommendation constituted an attempt to reduce barriers to trade, he would also abstain from the vote as there were some points which his Government could not meet.

Mr. PIRIZ (Uruguay) said that he would abstain from the vote, but would transmit the text of the recommendation to his Government.

Mr. PRIESTER (Dominican Republic) and Mr. VARGAS GOMEZ (Cuba) also reserved the position of their Governments.

The recommendation was adopted, with the abstention of the contracting parties which had indicated their reservations.

3. Consultations under Article XIII:4(b). Reports on consultations with Australia, Brazil, France, New Zealand, Pakistan (QRC/26 to 30)

Mr. COZZI (Italy), Chairman of the Working Party on Balance of Payments, said that these reports concerned the last consultations of the general programme of consultations for 1957, in which twenty-one countries had participated. He outlined the salient points of the discussions that had taken place, first in the Consultations Committee and later, during the Session, in the Working Party. In concluding, Mr. Cozzi said that in his view the consultations had been fruitful mainly on account of the unstinted efforts of all that had participated in the exercise. They had shed light on many balance-of-payments problems and had produced appreciable practical and immediate results.

The CONTRACTING PARTIES approved the reports on the consultations with Australia, Brazil, France, New Zealand and Pakistan.

Mr. ADAIR (United States), considered that the full and frank exchange of views that had taken place during the consultations would benefit all the contracting parties. Moreover, the experience that had been gained would help the CONTRACTING PARTIES in their activities under the amended text of the General Agreement. Among the more immediate results of the exercise were the measures taken by a number of countries to relax restrictions and reduce

discrimination. In this connexion, certain dollar liberalization measures were still expected from Austria. As indicated on page 70, paragraph 12, of the report on the consultations held in June, the representative of Austria had declared that an additional dollar liberalization list could be expected by 15 July 1957 or shortly thereafter. He hoped that these measures of relaxation of import controls on dollar goods would soon be put into force.

Mr. STANDENAT (Austria) confirmed that at the consultations in June he had expressed the hope that a new dollar liberalization list would be brought into effect. He regretted that the results of the consultations had forced his Government to revise certain parts of its programme of liberalization. This re-examination was not yet terminated but he hoped that new measures of liberalization could be announced in the not too distant future.

The CHAIRMAN speaking on behalf of the CONTRACTING PARTIES expressed his deep appreciation for the strenuous and competent task which the Chairman of the Working Party had performed in conducting the consultations. He expressed the indebtedness of the CONTRACTING PARTIES to the International Monetary Fund for its co-operation in the consultations.

The EXECUTIVE SECRETARY also recorded his appreciation to the representatives of the International Monetary Fund for their collaboration. He was well placed to assess the efforts which this contribution had meant for the Fund and the difficulties which it had experienced in fitting the programme of the CONTRACTING PARTIES into its own, already heavily charged, programme.

4. Eighth Annual Report on Discriminatory Import Restrictions (L/767)

Mr. COZZI (Italy), Chairman of the Working Party on Balance of Payments, introduced the Eighth Annual Report on Discriminatory Application of Import Restrictions which the Working Party had been instructed to prepare, as required by Article XIV:1(g). He outlined the contents of the report and called attention to some of the salient points thereon. Mr. Cozzi then thanked the representatives of the International Monetary Fund for their valuable assistance in the preparation of the report and proposed the adoption of the Report.

The Eighth Annual Report on Discriminatory Import Restrictions was adopted.

5. Final Report of the Working Party on Balance of Payments (/769)

Mr. COZZI (Italy), Chairman of the Working Party, presented the report which outlined the tasks which the Working Party had performed during the Session in accordance with its terms of reference. He surveyed the various consultations which the Working Party had held under Articles XIII:4(b) and XIV:1(g). In connexion with the consultations with Czechoslovakia and New Zealand pursuant to the Decisions of 5 March 1955 and 20 January 1955, respectively, the Working Party recommended that these Decisions be amended so

as to dispense with the annual consultations. The draft amendments for these Decisions, annexed to the report, would require a vote in accordance with the provisions of paragraph 5 of Article XXV. Mr. Cozzi then called attention to the recommendations and suggestions of the Working Party concerning action to implement the revised provisions of Articles XIII and XVIII:B. He indicated a correction to paragraph 19 of the Report.

Mr. MACHADO (Brazil), referring to paragraph 19 of the Report, recorded that his delegation considered that any amendment to the Intersessional Procedures should closely follow the text of the revised Agreement. Any departure from the amended text would constitute an amendment of the Agreement.

The CONTRACTING PARTIES, by thirty-one votes in favour, none against, approved the draft decision to amend the Decision of 5 March 1955 granting Czechoslovakia a waiver of the provisions of Article XV:6.

Mr. SVEC (Czechoslovakia) stated that his delegation was always prepared to consult on any trade matter of concern to any contracting party. If the CONTRACTING PARTIES found it more convenient to arrange for consultations on request only, his delegation would have no objections.

The CONTRACTING PARTIES, by thirty-two votes in favour, none against, approved the draft decision to amend the Decision of 20 January 1955 granting New Zealand a waiver of the provisions of Article XV:6.

Mr. PRESS (New Zealand) said that if his delegation concurred in the amendment to the waiver, because it permitted the CONTRACTING PARTIES to meet an admittedly difficult situation which had arisen, this by no means affected the view of his Government that reports and consultations under waivers should as a general rule be regular and at least annual.

The CONTRACTING PARTIES approved the report (as corrected by document L/769/Corr.1).

6. Report of the Working Party on German Import Restrictions (L/768)

Mr. COZZI (Italy), Chairman of the Working Party, introduced the report. As instructed by the CONTRACTING PARTIES, the Working Party had prepared a report collecting and presenting in an orderly fashion for transmission to the German Government the initial reactions and comments of contracting parties expressed both in the plenary discussion and in the Working Party. The German delegation had stated that it would convey all the views expressed to the attention of its Government. At the end of the discussion in the Working Party the Australian, Canadian, United Kingdom and United States delegations had informed the Working Party that they were submitting for consideration by the CONTRACTING PARTIES the text of a proposed recommendation to the German Government. The delegations of Ceylon, Japan, New Zealand, Norway and Sweden had associated themselves with the proposal.

The CONTRACTING PARTIES approved the report, which as indicated therein the German delegation would submit to its Government.

The CHAIRMAN invited contracting parties to consider the draft recommendation.

Mr. DONNE (France) referred to paragraph 18 of the report. The announcement by the German delegation of new liberalization measures deserved careful and exhaustive study. The German statement and related documentation had been transmitted to his Government which would not send instructions until it had examined the proposed measures. His delegation did not understand the haste of some delegations in wishing to pass judgment on these measures. This haste was all the more surprising as the Federal Republic had already liberalized 92 per cent of its imports from EPU countries and 93 per cent of imports from the dollar area. Mr. Donne therefore proposed that sufficient time be allowed for careful and detailed study of the case. The matter could then be deferred for consideration by the Intersessional Committee in April or at the Thirteenth Session. If the draft recommendation were put to a vote at this stage his delegation would not participate because it thought that it was premature to take action.

Mr. CHRISTENSEN (Denmark) would accept the draft recommendation because it merely reflected some of the important points which had been made during the debate.

Mr. MACHADO (Brazil) saw no need for adopting a special recommendation at this time and was convinced that the German Government would pay due regard to all the views mentioned in the report. The CONTRACTING PARTIES should give the German Government an opportunity to study the report of the Working Party. Action could be taken at a later stage if that was deemed necessary. Referring to paragraph 7 of the report, Mr. Machado indicated that the opinion of his Government was that the Federal Republic should ask for a "hard-core" waiver to regularize its restrictions on imports of agricultural products. The reference to the views of his delegation should be amended accordingly.

Mr. STANDENAT (Austria) shared the preoccupations expressed by the representatives of France and Brazil. He referred to the statement by his Minister of Commerce who had declared that the question of complete liberalization - even in instances where a country had an active balance of payments - required careful consideration by the CONTRACTING PARTIES. He supported the French proposal because of the dangers involved in precipitate action.

The CONTRACTING PARTIES decided by fourteen votes in favour, thirteen against, to postpone consideration of further action until the meeting of the Intersessional Committee in April.

Mr. PRESS (New Zealand) assumed that the Intersessional Committee would also be able to consider representations from affected contracting parties that the maintenance of import restrictions, particularly their continued discriminatory application, was nullifying or impairing the value of concessions granted by the Federal Republic and the benefits under the General Agreement generally.

Mr. WESTERMAN (Australia) while sharing the views of the representative of New Zealand, expected that the German Government would be able to clarify its position, particularly in regard to some of the disputed aspects relating to the interpretation of the Protocol of Provisional Application. He underlined that if this matter had been taken up so late in the Session, this was due to the German Government itself. While contracting parties had generally accepted the reasons for this regrettable delay, his delegation would object to the contention that pressure was being exerted for hurried action. He hoped that the merits of the case could be discussed in the Intersessional Committee, because postponement of a question which had such important effects on trade, far from being a cure, aggravated the situation.

Miss SEAMAN (United Kingdom) associated herself with the remarks of the representatives of New Zealand and Australia. She was confident that the German delegation would report the strong views that had been expressed by a substantial number of contracting parties to its Government which it was hoped would not postpone consideration of this matter.

Mr. OLDINI (Chile) explained that his delegation had voted for postponing further action in order to enable governments to study this important case and to prepare instructions for their delegations.

Mr. SWAMINATHAN (India) said that, though sharing in the spirit of the draft recommendation, his delegation had preferred the alternative of allowing time for the German Government to consider the forceful expression of the opinions contained in the report. He expected to see the results of this examination at the Intersessional Committee meeting in April.

Mr. REISMAN (Canada) underlined the cardinal importance for the future of GATT of the complete and speedy dismantling of the German import restrictions. In sponsoring the draft recommendation his delegation urged that this matter be dealt with expeditiously so that all governments could appraise the efficacy of the General Agreement in protecting the trading interests of contracting parties. If the obligations which GATT imposed were valid only for some contracting parties, governments would have to reconsider their position vis-à-vis the General Agreement as a whole. In evaluating the response of the German Government to the report, the CONTRACTING PARTIES would have to pass judgment not only on whether the General Agreement functions satisfactorily but also on the implications of that response for the future policy of import restrictions in the European Economic Community. He felt confident that the

German delegation would transmit to its Government with the report a copy of the draft recommendation with the names of the contracting parties which had supported it and hoped that when this item is reconsidered in April by the Intersessional Committee sufficient liberalization measures would have been put into effect for the issue to have become theoretical.

Mr. ADAIR (United States) associated himself with the remarks made by the delegates of New Zealand, Australia, the United Kingdom and Canada. Though the debate had not been exhaustive and final the recommendation was entirely appropriate and desirable and had been proposed merely with a view to giving effect to certain provisions of the General Agreement. He hoped that the German delegation would convey to its Government the sense of the recommendation and would be in a position to state at the meeting in April that the liberalization programme had been reconsidered and that further progress had taken place.

Mr. PIRIZ (Uruguay) shared the views of the delegates of Chile and Brazil that governments should be given time to study the case.

Mr. PRIESTER (Dominican Republic), associated himself with the reasons which the representative of India had given for postponing further consideration of the issue. The maintenance of import restrictions by the Federal Republic was of the utmost concern particularly to the countries belonging to the dollar area. Liberalization measures should therefore be carried out as steadily as possible. He shared the view of the Canadian representative that the German import restrictions were a test-case of the effective observance of obligations under the General Agreement.

Mr. CUHRUK (Turkey) said that the preference of his delegation for postponement of further examination of this item until the April meeting was motivated by reasons very similar to those expressed by other delegations. Both the German Government and the governments of the other contracting parties should be given time to examine the issues.

Mr. SOLBERG (Norway) supported the proposal that the draft recommendation be joined to the report to be addressed to the German Government. The words "The CONTRACTING PARTIES recommend" could be replaced by the names of the contracting parties that had supported the draft recommendation.

Mr. KLEIN (Federal Republic of Germany) stated that he would transmit the report to his Government and convey in full detail the views that had been expressed during all the debates on this question, including those of the present discussion. Knowing the general attitude of his Government with respect to the General Agreement, he thought that prompt consideration would be given to the problems that had been raised and felt confident that at the Intersessional Committee meeting in April his delegation would be in a position to state the views of his Government on all the questions raised in the report.

In reply to a question by the representative of Australia, the **EXECUTIVE SECRETARY** said that if they so desired the **CONTRACTING PARTIES** could delegate authority to the Intersessional Committee to take decisions in this matter.

Mr. WESTERMAN (Australia) proposed, in order to avoid further delays at a later stage, that the **CONTRACTING PARTIES** give authority to the Intersessional Committee to act in this matter on behalf of the **CONTRACTING PARTIES**. He opined that the delegations which had difficulties because of the lack of instructions would find no difficulty in supporting this proposal.

Mr. MACHADO (Brazil) and Mr. OLDINI (Chile) thought that the **CONTRACTING PARTIES** should have confidence in the German Government. As was well known, there were other contracting parties which imposed quantitative restrictions inconsistent with the General Agreement. It would be unjustified to institute a special procedure for one contracting party, all the more because such action might create a precedent.

Mr. REISMAN (Canada) and Mr. ADAIR (United States) supported the Australian proposal which was only of a procedural nature and did not involve implications as to the kind of decisions which it might be desirable to take. Moreover, during this next year the Intersessional Committee would comprise all the contracting parties. The proposal was designed to facilitate the functioning of the Agreement during the intersessional period so that the complicated machinery of calling together a special session could be avoided.

Mr. HOOGWATER (Kingdom of the Netherlands) said that in view of the constructive attitude which the German delegation had taken during the debate, the **CONTRACTING PARTIES** should first elicit whether the proposal would be agreeable to the delegation primarily concerned.

Mr. EICHHORN (Federal Republic of Germany) thought that there was no need for the **CONTRACTING PARTIES** to give the Intersessional Committee special powers.

In reply to a question by the representative of Canada, the **CHAIRMAN** referred to Rule I of the Rules of Procedure for Sessions of the **CONTRACTING PARTIES** which lays down that a special session can be convened on the initiative of the Chairman or at the request of a contracting party concurred in by the majority of the contracting parties. Notice of the convening of any such session had to be given at least twenty-one days in advance of the session.

Mr. WESTERMAN (Australia) said that the German delegate's reply to the question of the representative of the Netherlands raised doubts in his mind. Previously he had understood the German delegation to have said that the **CONTRACTING PARTIES** could rely upon his Government not only to give **urgent**

attention to all the matters raised and to the views expressed at this Session, but also to clarify at the time of the Intersessional Committee its final argument in justification of the position which, after considering the views expressed by contracting parties, it finally wished to take in regard to its marketing laws and the related question of whether or not it should seek a waiver from certain GATT obligations with which it might not be able to comply. His delegation therefore would take whatever steps seemed necessary to prevent a long and undefined postponement of the settlement of this issue, which it regarded to be of fundamental importance not only to its own interests in GATT but to the very existence of the General Agreement itself as an instrument which could preserve a reasonable balance of rights and the assurance of defined and contractual treatment for the trade of all its members.

Mr. Westerman said he would withdraw his proposal to delegate powers to the Intersessional Committee, but in order that contracting parties could rely on the procedures for the calling together of a special session, he would ask the delegate of the Federal Republic of Germany to convey to his Government a request that it provide the Government of Australia, and other contracting parties which might associate themselves with this request, its views on the maintenance of the restrictions not later than 28 February 1958. In concluding, Mr. Westerman emphasized that his concern was only one of timing.

Mr. KLEIN (Federal Republic of Germany) said that it appeared to him that the Australian representative had rightly understood his first statement. Contracting parties could rely upon his Government to give urgent attention to all the problems which had been raised and the views that had been expressed during the debate. His Government would clarify its arguments, justifying its position on the marketing laws, to the Intersessional Committee and would declare whether or not it would apply for a waiver for certain remaining restrictions. He would convey to his Government the request of the representative of Australia to provide its views on the matters raised during the debate not later than 28 February 1958.

Mr. ADAIR (United States) supported the request by the representative for Australia and suggested that the report by the German Government be circulated to all the contracting parties interested.

Mr. REISMAN (Canada), also associated himself with the request by the delegate for Australia that the German Government submit by 28 February 1958 a report on its intentions in regard to its import restrictions.

Mr. MACHADO (Brazil) was pleased to note that the issue had been settled in the traditional spirit of understanding which animates the CONTRACTING PARTIES.

7. Article XVI: "Standstill" and Review (L/717)

The CHAIRMAN stated that under paragraph 4 of the new Article and the related Note in Annex H, contracting parties to which the new Article applied were required to seek, before the end of 1957, to reach agreement to abolish export subsidies on products other than on primary products as from 1 January 1958 or, failing that, to extend the standstill on the scope of such subsidies until the date by which they expected they could reach agreement. He referred to a draft declaration that had been proposed by the Executive Secretary (MGT/154/57) which would extend the standstill on export subsidies until 31 December 1958. If the CONTRACTING PARTIES approved of the text of this draft, the declaration could be opened for signature.

Mr. ADAIR (United States) said that his delegation favoured an extension of the present standstill provided one point regarding its possible scope could be clarified. The United States subsidized the exportation of cotton, a primary product, in accordance with paragraph 3 of Article XVI. In connexion with this subsidization, a payment was made on the exportation of domestically-produced textiles which was essentially the payment that would have been made on the raw cotton consumed in the production of these textiles if the cotton had been exported in raw form. The United States delegation did not consider this payment to be a subsidization of the manufacturing process, since it was not related in any way to the value of these textiles or to their quality; it was a payment designed to place United States textile exporters in the same competitive position as foreign manufacturers using subsidized United States cotton. The payment programme affecting the raw cotton content of textile exports was developed only after full consideration of the provisions of the revised Article XVI and since the payments were on a primary product it was considered consistent with that Article. His delegation desired, therefore, in any action to be taken with respect to the revised Article XVI, that there be a recognition that the United States might continue such a practice consistently with its obligations under the General Agreement.

With regard to procedures his delegation considered it would be most appropriate if a declaration could be drawn up, comparable to the declarations relating to Article XXVIII, wherein the contracting parties accepting it would agree, until 31 December 1960, not to grant any new or increased subsidies on manufactured products in the sense of paragraph 4 of Article XVI.

Miss SEAMAN (United Kingdom) supported an extension of the standstill until 31 December 1958 along the lines of the declaration proposed by the Executive Secretary and in doing so she expressed the hope that by that time the CONTRACTING PARTIES would be able to reach agreement on the abolition of such subsidies. Her delegation, however, could not subscribe to the interpretation of the representative of the United States that the type of subsidization he had referred to was permissible under Article XVI. The only argument that had

been advanced in favour of the United States' position was that United States manufacturers of cotton textiles were at a disadvantage and world markets as compared with their foreign competitors who could obtain United States' cotton cheaper than they could. Paragraph 3 of Article XVI, however, specifically called upon contracting parties to avoid the use of subsidies on the export of primary products; if there were some penalties involved for running counter to this general proscription, this would serve as a useful brake on the resort to export subsidies. Accordingly, her delegation could not accept a declaration in which the United Kingdom and other contracting parties specifically recognized the right of the United States Government to operate in this fashion under Article XVI. The United Kingdom delegation, nevertheless, would have no objection to the United States delegation attaching a reservation to its signature of the declaration in this regard.

Mr. CHRISTENSEN (Denmark) said that his delegation was in the same position as that of the United Kingdom delegation in that it was prepared to accept the text of the declaration but without any supplementary interpretations of the kind proposed by the United States delegation.

Mr. HAGEN (Sweden) associated his delegation with the statement made by the representative of the United Kingdom; he hoped, however, that even if the United States delegation did attach a reservation to its signature of the declaration it would not find it necessary to apply it.

Mr. PIRIZ (Uruguay) said that in view of the fact that his delegation had had no time to receive instructions on this matter he wished to reserve his position both as to the argument that had been put forward in the discussion and on the text of the declaration itself.

Mr. MACHADO (Brazil) said that the declaration under discussion was yet another example of the efficacy of the General Agreement being impaired at a time when it seemed likely that it would have some force in a particular field. The declaration would postpone the definitive application of the revised Article XVI for a further year and he expressed doubt as to whether constructive action would be taken even at that time.

Mr. ADAIR (United States) said that having examined the draft declaration and in the light of the discussion that had taken place, his delegation would have no objection to the declaration providing for a one-year standstill instead of the three-year period proposed by the United States delegation. The suggestion that the position of the United States in regard to its payments on exports of textiles be the subject of a reservation to its acceptance of the declaration would be reported back to his Government.

Mr. REISMAN (Canada) drew the attention of contracting parties to two aspects of the question. In the first instance an anomalous position remained under the General Agreement in regard to the treatment of primary goods and the treatment of secondary goods in so far as export subsidization was concerned. Secondly, the proposed declaration and the statement by the representative of the United States pointed to the fact that intervention at one stage of the production process led to difficulties at other stages and involved increasingly successive departures from the normal marketing mechanisms. The interpretation given by the representative of the United States would not be compatible with Canada's domestic anti-dumping and countervailing duty legislation and the device referred to, whereby rebates were paid on exports of textiles, owing to the payment of an export subsidy on raw cotton, would in fact under Canadian law be regarded as a subsidy and the necessary consequential action would be taken. The Canadian delegation, however, wished to see the proposed declaration adopted since to a limited extent it would limit and confine these unfortunate trading practices.

Mr. SWAMINATHAN (India) considered that since some such subsidies were still being granted by several contracting parties the proposed declaration would have the effect of freezing an unfair advantage which they had; his delegation, therefore, reserved its position on the text of the declaration as a whole.

Mr. WESTERMAN (Australia) said that his delegation had received no instructions on this matter and would therefore reserve its position on the declaration both as regards the supplementary interpretation proposed by the representative of the United States and the acceptance of the declaration by the United States subject to a reservation.

Mr. PANSEGROUW (South Africa) and Mr. PARBONI (Italy) also stated that their delegations had received no instruction on this matter and reserved the position of their governments on the text of the declaration. Mr. Parboni further reserved his delegation's position on the interpretation proposed by the United States delegation since he thought that such an interpretation of Article XVI was dangerous and would give rise to great concern for the Italian Government.

Mr. SVEC (Czechoslovakia) also recorded his delegation's reservation on the declaration.

In reply to a question by the representative of Chile who had sought an explanation of the motives and reasoning which had led to the preparation of the draft declaration, the DEPUTY EXECUTIVE SECRETARY referred to paragraph 4 of the Revised Article XVI and the interpretative note thereto. There were two provisions in this paragraph; the first was the obligation to abolish export subsidies on the export of manufactured goods "... as from 1 January 1958 or

the earliest practicable date thereafter"; the second was a standstill arrangement in that "... until 31 December 1957 no contracting party shall extend the scope of any such subsidization beyond that existing on 1 January 1955 by the introduction of new or the extension of existing subsidies". If the CONTRACTING PARTIES took no action at this Session then as from 31 December 1957 paragraph 4 would have no legal effect since by that date the obligation to abolish such subsidies would not have entered into force and the standstill would have come to an end. The interpretative note stated that it was "The intention of paragraph 4 that the contracting parties should seek before the end of 1957 to reach agreement to abolish all remaining subsidies as from 1 January 1958; or, failing this, to reach agreement to extend the application of the standstill until the earliest date thereafter by which they can expect to reach such agreement". Consequently the problem before the CONTRACTING PARTIES was that of determining whether between now and 31 December 1957 they could in fact reach the agreement referred to in the first part of the interpretative note. The draft declaration before the CONTRACTING PARTIES was based on the perhaps pessimistic, but at the same time realistic, hypothesis that it would not be possible to reach such an agreement before the end of the year and that accordingly it would be necessary to act in terms of the second part of the interpretative note; namely, to reach agreement to extend the application of the standstill period. The draft declaration, therefore, proposed an extension of the standstill for one year in order to facilitate the reaching of an agreement to implement fully the provisions of paragraph 4 of the Revised Article XVI at as early a date as was practicable.

Mr. GARCIA OLDINI (Chile) said that he had observed that the interpretative note to paragraph 4 provided for agreement between contracting parties individually whereas the draft declaration referred to CONTRACTING PARTIES as a whole reaching such agreement. He then proposed further amendments to the text of the draft declaration in order that it would correspond more closely to the wording of the interpretative note to paragraph 4 of the Revised Article XVI.

The CONTRACTING PARTIES then approved the text of the declaration, as amended by the suggestions of the representative of Chile.¹

The CHAIRMAN stated that the declaration would be opened for acceptance by signature or otherwise and that the Executive Secretary would notify contracting parties of each signature thereto.

The Chairman then referred to paragraph 5 of Revised Article XVI which provided for a review of the operation of the provisions of that Article and suggested that in the light of the discussion that had taken place it would perhaps be appropriate for the CONTRACTING PARTIES to undertake such a review at the Thirteenth Session. The prolongation of the standstill by one year would thus acquire some meaning and significance in that there would be a full discussion in the light of the situation as it then existed; thereafter it would be open for the CONTRACTING PARTIES to decide on future action to be taken.

¹ The text of the Declaration, as approved, has been issued in document L/774.

In reply to a point raised by the representative of Australia, the Chairman said that the Intersessional Committee, in performing its statutory task of examining the adequacy of documentation available for the Thirteenth Session, would duly take into account the need for the provision of the documentation necessary for such a review.

The CONTRACTING PARTIES agreed to review the operation of the provisions of Article XVI (Revised) at the Thirteenth Session in accordance with paragraph 5 of that Article.

8. Cuban Tariff Reform (L/764 and W.12/46)

In the absence of Mr. Dubois, the Chairman of the Working Party on Schedules, the CHAIRMAN introduced the report of the Working Party (L/764) concerning the proposed negotiations on the new Cuban tariff. He drew attention to the fact that the draft decision embodied a declaration by contracting parties which had initially negotiated the concessions which Cuba proposed to modify or withdraw and by contracting parties with a principal supplying or substantial interest in such concessions that, in considering the adequacy of compensation offered by Cuba in the proposed negotiations, they would take due account of the position of Cuba in the light of the principle that special consideration should be given to a country which had bound a high proportion of its tariff at very low rates of duty and to that extent had less scope than other contracting parties for making compensatory adjustments. A number of contracting parties had already indicated that they would agree to apply this principle in their negotiations with Cuba. He suggested that the Declaration and considerandum (e) be deleted from the draft and asked the contracting parties which were initial negotiators, or had a principal supplying interest or a substantial interest in the concessions which were proposed to be withdrawn or modified by Cuba, whether they were prepared to agree that they would take account of that principle in their negotiations with Cuba.

Mr. ADAIR (United States) said that, while his Government continued to oppose the use of import quotas for protective purposes, he would support the draft decision in view of the particular problem of the Cuban Government and the close and friendly relations between that Government and his own. Moreover, the Cuban delegation had said that the mere announcement that Cuba had been authorized to impose import quotas might well make it unnecessary to take action, and that in administering any quotas licences would be granted as promptly as possible consistently with the purposes for which the quotas were permitted. In connexion with the negotiations with Cuba, his Government would take account of the special position of Cuba as outlined by the Chairman.

As there was general agreement with the Chairman's proposal the CONTRACTING PARTIES agreed to delete the draft declaration and considerandum (e) from the text before them and to make any consequential changes.

The CHAIRMAN called for a vote on the first part of the draft decision, which, under Article XXV:5, required a two-thirds majority.

The first part of the draft decision was approved with thirty votes in favour.

The CHAIRMAN invited the CONTRACTING PARTIES to consider the second part of the draft decision, relating to the eligibility of Cuba under Article XVIII:4(a) to resort to the provisions and procedures of Section A of that Article; the Executive Secretary had prepared an explanatory paper in this connexion (W.12/46).

The CONTRACTING PARTIES took note of document W.12/46 and approved the second part of the draft decision.

The draft decision as a whole, as amended, and the Report of the Working Party were approved.

Mr. VARGAS GOMEZ (Cuba) expressed his delegation's appreciation for the support they had received, both in the Working Party and in the CONTRACTING PARTIES.

9. Derestriction of documents

The CHAIRMAN said that in accordance with the normal procedure the Reports, Decisions, etc., of the Twelfth Session would not be derestricted until 28 February 1957. The CONTRACTING PARTIES had agreed to derestrict documents L/712 and Corr. 1 - 2 (Anti-dumping and countervailing duties - secretariat analysis of legislation) and L/687 (Third annual report by the United States under the Decision of 5 March 1955) on 15 November and 28 November 1957 respectively. In order to permit publication in January of the Sixth Supplement to the Basic Instruments and Selected Documents, it was proposed in Spec/208/57 that, with specified exceptions, the Reports, Decisions, etc., adopted during the Session should be derestricted on 15 January 1958.

It was so agreed.

10. Date of Thirteenth Session

The CHAIRMAN proposed that, taking into account the fact that the International Monetary Fund and the International Bank for Reconstruction and Development would be holding their annual meetings in New Delhi during the period 4 - 10 October 1958, the Thirteenth Session of the CONTRACTING PARTIES should open on Thursday, 16 October 1958.

It was so decided.

The CHAIRMAN announced that the statutory meeting of the Intersessional Committee would therefore take place during the week commencing 22 September 1958.

11. Chairman's closing remarks

The CHAIRMAN said that the Twelfth Session had been one of the most important yet held in GATT. It was in recognition of that importance that so many Ministers had attended the ministerial meetings, and the conclusions they had reached had served as guidance for the conduct of the work of the CONTRACTING PARTIES throughout the Session.

The principal item on the agenda for the Twelfth Session had been the Treaty of Rome; a Committee had been appointed to examine the relevant provisions of the Treaty and of the General Agreement and to consider the most effective methods of implementing the inter-related obligations contained in the two instruments. That preliminary examination had been useful, but solutions still had to be found for a number of questions concerning which contracting parties had expressed misgivings. The CONTRACTING PARTIES had decided to instruct the Intersessional Committee to continue consideration of questions relating to the Rome Treaty and had furthermore decided that, having regard to the importance of the matters to be considered, the Intersessional Committee for the period between the Twelfth and Thirteenth Sessions would be constituted of representatives of all contracting parties.

No less important in its long-term aspects was the decision to appoint a Panel of Experts to examine trends in international trade; that study should facilitate future consideration of many matters on which the CONTRACTING PARTIES had not yet reached definite conclusions. In that connexion, he made particular reference to the growing concern of the CONTRACTING PARTIES with the importance of assisting the economic development of the under-developed countries and to the special provisions made for them in the revised Article XVIII. At the time when the General Agreement was drafted the problems of the immediate post-war period had had to be considered; during the review session, many amendments had been made, and the contracting parties should be prepared to consider making further adjustments when circumstances so warranted; any such changes could be made only after the fullest deliberation, however, and in that regard the study by the Panel of Experts would be of great value.

The technique for consultations on balance-of-payments restrictions had been greatly improved, and the procedures for regular consultations under the revised Agreement had begun to be implemented. It was a heartening sign that some countries were already overcoming their balance-of-payments difficulties and it was to be hoped that in the not too distant future the provisions of the General Agreement to meet special situations would have to be relied on less and less.

Progress had also been made in the field of tariffs; Cuba and New Zealand had presented proposals for a complete tariff revision, and the tariff negotiations with Switzerland with a view to that country's accession to the General Agreement would commence in the near future.

The Chairman said that he was confident that further progress would be made at the Thirteenth Session, when consideration of a number of items would be resumed, such as the Treaty of Rome. By that time, perhaps the proposed European free-trade area would have taken a clearer form and he was sure the CONTRACTING PARTIES would examine that and the other items on its agenda with the sympathy and understanding which they had always shown.

In conclusion the Chairman thanked the representatives of the contracting parties for the unfailing co-operation and support which they had given him throughout the Session.

Mr. CORSE (United States) congratulated the Chairman on the competent and constructive manner in which he had directed the work of the CONTRACTING PARTIES during the Twelfth Session.

The CHAIRMAN declared the Twelfth Session closed at 4.30 p.m.